



Daily Report

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Daily Report

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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General

UN Envoy Views Aid for Developing Island States

OW3108224693 Beijing XINHUA in English
1652 GMT 31 Aug 93

[Text] United Nations, August 31 (XINHUA)—The Chinese delegation is ready to work with other delegations in a positive and constructive manner for the promotion of sustainable development of small island developing states, Li Zhaoxing, China's permanent representative to the U.N., said here today.

Li made the remarks in addressing the first session of the Preparatory Committee for the Global Conference on the Sustainable Development of Small Island Developing States. The global conference is to be convened in Barbados in April 1994, as part of the international community's effort for worldwide sustainable development.

"The international community... should formulate appropriate programs, plans and measures in line with the unique difficulties and needs of small island developing countries so as to help them overcome constraints to economic development, cope with environmental changes, mitigate their adverse impacts and use marine and coastal resources rationally in pursuit of sustainable development," Li told the meeting.

According to Li, the programs, plans and measures should focus on the following:

- The promotion of a stable and favorable external environment for sustainable development of small island developing countries;
- The enhancement of data and information exchange between island states and the promotion of international and regional cooperation;
- Human resources development and capacity building; and
- The facilitation of the fulfillment by developed countries of their commitments undertaken at the Rio conference on the transfer of environmentally-sound technologies to developing countries, including small island developing countries and provision of new and additional financial resources.

The global conference should also promote South-South cooperation between small island developing states and other developing countries on the basis of equality and mutual benefit to tap the full potentials of developing countries, Li said, adding that China is willing to join other developing countries in exploring the channels of cooperation.

The current session of the preparatory committee, which opened yesterday, is to discuss reports of two regional

technical meetings and two reports by U.N. secretary-general on the coming global conference. The session is to close on September 9.

Japanese Firms With U.S. Technology Seek PRC Ties

HK0109063993 Hong Kong THE STANDARD in English 1 Sep 93 p 17

[Report by Peta Firth]

[Text] Japanese aerospace companies with access to sensitive U.S. military technology including Patriot missiles and F-15 fighter jets will go to China next month to set up joint ventures with the Chinese Aerospace industry.

Around 30 executives from companies such as Mitsubishi Heavy Industries, Kawasaki Heavy Industries and Kawajima-Harima Heavy Industries will visit Beijing, Xian and other Chinese cities from 18-25 September under the auspices of the Society of Japanese Aerospace Companies.

Andrew Blair-Smith, analyst at Barclays de Zoete Wedd in Tokyo, told The Standard that exporting military technology was against Japan's constitution and that technology non-disclosure agreements with U.S. partners were "rigorously enforced".

However, it was reported last week that Mitsubishi had broken Japan's embargo by selling banned electronic equipment to the former East Germany.

Japan has technology transfer agreements with U.S. defence suppliers Raytheon, McDonnell-Douglas, General Dynamics and Boeing.

Mitsubishi was developing Patriot missiles under licence from Raytheon and F-15s from McDonnell-Douglas for Japan's self-defence force Blair-Smith said. It was also working with General Dynamics on the FSX fighter aircraft.

The U.S. technology was for Japan's use and could not be offered to any joint venture. The Japanese Trade and Industry Department was attempting to co-ordinate a supersonic aircraft project with Japanese aerospace producers. If the project went ahead it would not be subject to the same non-disclosure agreements as technology licensed from the U.S.

Japanese companies were interested in cheap raw materials from China in order to counter the effects of the appreciating yen, Blair-Smith said.

"They are very keen to develop their purchasing from non-yen sources. Mitsubishi has already set up an affiliate company in China to buy shipbuilding materials and heavy machinery," he said.

Japanese aerospace producers were trying to expand into the civil aircraft market to circumvent the embargo on exporting military equipment.

"There is a huge market for civil aircraft development in China. Japanese companies want to take part in it."

Japan's Foreign Ministry and Trade and Industry Department had helped organise next month's exploratory mission to China. But Blair-Smith said the companies would have to fund any joint ventures in China themselves.

He predicted they would pay for the projects with share sales and through securing debts against assets in Japan.

Japanese aerospace manufacturers are also reported to be involved in negotiations to join a British Aerospace joint venture with Taiwan Aerospace to build passenger jets.

Thai Minister: PRC Agrees With Asian Security Plan

BK0109072993 Bangkok XING XIAN RIBAO in Chinese 29 Sep 93 p 8

[Text] Foreign Minister Squadron Leader Prasong Sun-siri said he will propose a security plan for the Asia-Pacific Region, including China and Japan at the upcoming ASEAN foreign ministerial meeting in Bangkok. The plan will be implemented within one year.

Foreign Minister Prasong said that some countries in this region are still afraid of China and Japan. However, he believed this a fear will disappear in the future.

He said that the plan will have several measures, not only arms reduction.

Prasong said: "I will be the chairman of the next ASEAN foreign ministerial meeting. I will try to push for the Asia-Pacific security plan. My successor will continue to push for the plan after I complete my term."

Prasong said the Chinese have agreed with his proposal during talks with Chinese Foreign Minister Qian Qichen in Beijing. However, China is concerned that Taiwan and Hong Kong will attend the Asia-Pacific Economic Cooperation meeting to be held in the United States soon, as China still insists on the one China policy. But, China does not oppose Hong Kong and Taiwan's trade activities in this region.

XINHUA Notes U.S. Helicopter-Based Raid in Somalia

OW3008040893 Beijing XINHUA in English 0327 GMT 30 Aug 93

[Text] Nairobi, August 30 (XINHUA)—Helicopter-dropped U.S. soldiers raided a building in southern Mogadishu before dawn Monday [30 August], apparently searching for warlord Mohamed Farah Aidid, reports from Mogadishu said.

About 40 U.S. attack helicopters flew to the skies over one of the Aidid's strongholds at around 3:00 A.M. (0000 GMT). The helicopters fired several rounds at targets. Some of the helicopters landed and others sent troops down to the ground by ropes.

There was no confirmation on the fate of Aidid who is wanted by the United Nations for the killing of 24 Pakistani peacekeepers on June 5.

Last week, 400 U.S. rangers arrived in Mogadishu to reinforce the U.N. force. But their actual mission is rumored to carry out a mission of flushing out the Somalia warlord.

President Clinton Cited on Israeli-Palestinian Talks

OW3108013693 Beijing XINHUA in English 0041 GMT 31 Aug 93

[Text] Washington, August 30 (XINHUA)—U.S. President Bill Clinton said today that he was "very much encouraged" by a possible agreement between Israel and Palestine on the Palestinians' limited autonomy in Gaza and West Bank town of Jericho.

Clinton told reporters at the White House that "I am very much encourage by what is happening there and very hopeful."

"The administration has worked hard to facilitate it, but ultimately whatever happens will have to be done by the parties themselves," Clinton said.

He cautioned that "if there is a new and different landscape in the Middle East, then I might be willing to entertain some questions, but I can't say now."

"It is hypothetical and it would only interfere with the discussions now going on," Clinton added.

The President stressed that it is not appropriate for the United States "even to consider its own position here until the parties have a chance to work out a resolution of this."

State Department spokesman Mike McCurry and other U.S. officials also said much hard work remains to be done when Arabs and Israelis resume the 11th round of the Middle East peace talks in Washington tomorrow.

Russia To Send Troops to Bosnia if Peace Reached

OW3108132593 Beijing XINHUA in English 1251 GMT 31 Aug 93

[Text] Geneva, August 31 (XINHUA)—Russia agreed today to provide troops for Bosnia on the condition that a peace agreement is reached.

This commitment was made during a meeting between Russian Foreign Minister Andrey Kozyrev and United

Nations' Secretary General Butrus Butrus-Ghali at the UN headquarters in Geneva.

"I have asked from the Russian Federation the possibility of a participation in additional forces in Bosnia. The minister has given a very positive answer," said Butrus-Ghali following the meeting, which he described as "constructive."

Meanwhile, the leaders of the warring Bosnian parties are meeting here over a peace plan which divides Bosnia into three states along ethnic lines.

Both Bosnian Croats and Muslims are not yet satisfied with the map of the plan and have proposed new amendments to it.

But the mediators, Thorvald Stoltenberg and Lord David Owen warned that the war would be prolonged if they made any substantial changes.

"We discuss what will happen in case of the success of the talk related to the future of Bosnia-Herzegovina," Butrus-Ghali told reporters.

Kozyrev made it clear that his country would agree to send troops to help implement the peace plan if it was agreed by all the three sides.

He said, "our readiness to take part further in peace-keeping operation... depends on the agreement, if the agreement is reached and the security council passes a resolution on the decision of some kind."

"The secretary general then defines according to necessity, the requirement, then we will examine our possibility to send force."

However, Kozyrev did not say how many troops Russia would possibly offer, neither did Butrus-Ghali say how many would be needed to implement a possible plan.

"It is impossible to give an answer," Butrus-Ghali said, adding that an agreement had to be reached among the warring parties first.

Stoltenberg, special representative of the secretary general, had indicated earlier that some 40,000 UN troops would be needed for implementation of the Bosnian peace plan proposed by him and Lord Owen.

United States & Canada

Vice President Rong Yiren Meets U.S. Visitors

OW0109094693 Beijing XINHUA in English
0837 GMT 1 Sep 93

[Text] Beijing, September 1 (XINHUA)—Chinese Vice President Rong Yiren today met with a U.S. delegation from Moody's Investor's Service Co. headed by its Executive Vice President Thomas J. McGuire.

During the meeting in the Great Hall of the People here, the two sides exchanged views on China's economic development and investment environment.

When briefing the visitors on the current economic situation in China, Rong said that China has made overall progress since it started to implement the policies of reform and opening to the outside world in the late 1970s.

Rong said that China is now "taking effective and safe measures" to enhance its economic development and to further raise the living standard of its people.

Rong answered the questions raised by McGuire and the other delegation members on China's economic reform, management of rural and township enterprises, the transition from planned economy to marketing economy, and situation of labor and employment.

The Moody's Investor's Service Corporation is the largest ratings company not just in the United States, but in the world.

The delegation, invited by the Ministry of Finance, arrived here on Monday [30 August].

Bureau Seizes U.S. Passport of HK Businessman

HK0109033893 Hong Kong SOUTH CHINA
MORNING POST in English 1 Sep 93 p 2

[Report by Debbie Chu]

[Text] A Hong Kong businessman detained in Hunan for six days over a debt dispute is pessimistic about his release.

In a telephone interview with the SOUTH CHINA MORNING POST, Dr Philip Cheng Wai-wo said his situation was "complicated and uncertain".

Closely guarded by two officials in a hotel room, Dr Cheng said it was inconvenient to explain his situation further.

"I don't see any hope because I don't know how to solve the problem," Dr Cheng said.

Dr Cheng said his mainland company partner had ordered him to pay all the debt immediately or face continued detention.

The 62-year-old businessman established Zhuhai Golex Limited two years ago after quitting as department head of journalism at the Chinese University. Dr Cheng was recently appointed as an agent by the Hunan Arts and Crafts Import and Export Company.

The Public Security Bureau detained Dr Cheng and seized his U.S. passport last Thursday without explanation.

Paper Criticizes U.S. on 'Yinhe' Cargo Incident*HK0109005293 Hong Kong TA KUNG PAO in Chinese
27 Aug 93 p 7*

[Article by Lan Ching (5695 3237): "True Colors of Power Politics As Viewed From the 'Yinhe' Incident"]

[Text] Recently, the U.S. Government has time and again arrogantly, peremptorily, and arbitrarily done things harmful to the Sino-U.S. relations. This has aroused strong indignation and unanimous condemnation from Chinese compatriots at home and abroad.

The unreasonable and arbitrary behavior of the U.S. Government has been aptly described and criticized as "allowing magistrates to freely burn down houses while forbidding common people even to light lamps." However, in the view of this writer, what is more disgusting is: While magistrates are burning down houses everywhere, common people that have not even lit a single lamp are being accused and harassed for no reason at all. It is unfair to allow magistrates to burn down houses while forbidding common people to light lamps. How can common people stand being unreasonably accused by magistrates that are burning down houses everywhere? If this can be tolerated, what cannot?

For instance, in late July, on the basis of its inaccurate intelligence reports and fabricated stories, the United States accused the Yinhe, a Chinese cargo ship, of carrying raw materials capable of producing chemical weapons, and banned the Chinese cargo ship from berthing at its scheduled ports and from carrying out normal commercial activities as well. Although the Chinese side has conscientiously investigated the incident, proven the inaccuracy of the U.S. accusations, and come up with positive proposals aimed at resolving the incident, such as conducting a public cargo inspection at a certain port and so on, the U.S. side is still obstinately bent on having its own way and has turned a deaf ear to the Chinese explanations and gone on with its harassment of the Chinese cargo ship. As a result, the ship has been unable to berth at several ports and has been drifting on the high seas while its crew have been suffering from lack of food and water. By behaving in such an unreasonable and arrogant manner, the United States has turned a blind eye to the facts and paid no regard to Sino-U.S. friendship and relations of cooperation built by the two countries with painstaking efforts over the past many years. The United States has refused to trust China, a big country that has never gone back on its word. Is this the behavior of a so-called world power that frequently talks about truth, human rights, freedom, and justice, and boasts to be leading the global trend?

The Yinhe incident is also reminiscent of another incident that happened not long ago: When the U.S. Senate Foreign Affairs Committee revoked restrictions imposed on U.S. arms sales to Taiwan by various U.S. administrations over the past 13 years, the U.S. Government

brazenly declared that should China violate the international agreement by continually selling missiles to Pakistan, the United States would impose economic sanctions against China. This is no doubt absurd behavior on the part of the U.S. Government. First, the United States itself is the biggest arms dealer in the world. In 1992, U.S. arms sales reached \$12.6 billion and accounted for approximately 60 percent of the world's total, whereas China's arms sales volume stood at only \$100 million in the same period. What right does the United States have to accuse others of engaging in arms sales? Is the United States trying to monopolize arms sales the world over? What is more annoying is that China has never sold missiles to Pakistan. How can the United States accuse China of selling missiles to Pakistan without any evidence? Second, since China is not a signatory to the international agreement that bans the sale of missiles with a range of 300 kilometers, China's violation of the international agreement is certainly out of the question. This is a typical case of allowing magistrates to freely burn down houses while forbidding common people even to light lamps.

A more absurd move made by the United States is that the U.S. House of Representatives adopted a resolution opposing Beijing's bid to host the 2000 Olympic Games. It is the International Olympic Committee that will decide and select a city to host the 2000 Olympic Games. The U.S. House of Representatives has no right to interfere with the decision of the International Olympic Committee. What is more, the U.S. human rights standards are different from the standards adopted by the International Olympic Committee. Therefore, apart from being a peremptory and unreasonable resolution, what other significance and value does the aforementioned resolution of the U.S. House of Representatives have?

The United States is determined to act as an international policeman. However, its role has now become unacceptable to people the world over. The dual criteria employed by the United States of "allowing magistrates to freely burn down houses while forbidding common people even to light lamps," or allowing magistrates to flagrantly harass common people that have not even lit a single lamp, are becoming increasingly unacceptable to the world's people.

President Jiang Zemin expressed the other day the hope that the U.S. Government will take practical steps to improve Sino-U.S. relations and push ahead with Sino-U.S. relations development. President Jiang Zemin called for adopting a forward-looking attitude, enhancing mutual trust, reducing troubles, developing cooperation, and putting an end to confrontation. This is at once a piece of sincere advice given by China's supreme leader to the U.S. Government and a piece of sincere advice given by the Chinese people to the U.S. side. It is hoped that the U.S. Government will not regard this piece of advice as unimportant or simply let it go in one ear and out the other.

'Roundup' Views World Trade Center Bombing Case

OW2708234493 Beijing XINHUA in English
2201 GMT 27 Aug 93

["Roundup" by Zhao Renfang: "WTC Bombing To 'War of Urban Terrorism'"]

[Text] New York, August 27 (XINHUA)—It has been now six months since the World Trade Center (WTC) bombing occurred. Now Shaykh 'Umar 'Abd-al-Rahman, leader of a "war of urban terrorism", was charged in the blast. As the date for the trial will begin next month, concerns about the result of the investigation is increasing.

On Wednesday [25 August] the sheik was indicted with other 14 suspects and yesterday, exactly six months after the WTC bombing, they were arraigned. This indicated that progress has been made in the investigation of the bombing and another foiled plot to blow up the United Nations and parts of New York City.

Earlier in March, FBI director and its chief in New York testified in congress, saying the February 26 bombing was planned by a large organization of terrorism. The indictment and the hearing during the past two days, was responding to what they said before.

'Abd-al-Rahman, a Muslim cleric preaching in Brooklyn, New York and Jersey City in New Jersey before turning himself to authorities concerned, was accused for the first time of conspiring to "levy a war of urban terrorism" against the United States," and other crimes.

The sheik and three others—including the man accused of assassinating militant Rabbi Me'ir Kahane—also were charged with plotting to murder Husni Mubarak, president of Egypt.

Up to now 15 men have been charged in the foiled plot to bomb the United Nations, the Holland Tunnel, the Lincoln Tunnel, the Washington Bridge and the building housing FBI office in New York. Another seven, including two still at large, were charged in the WTC bombing, which killed six and injured over 1,000.

Several days ago, FBI still carried advertisement in THE NEW YORK TIMES, offering a reward of up to 2 million for information leading to the arrest of Ramzi Ahmad Yusuf, a prime suspect in the case.

Now for the first time, investigators have tied the above mentioned cases together and charged them as a group with the blind sheik as its center.

'Abd-al-Rahman has caused wide attention since the WTC bombing and the plot to blow up some landmarks in the city because his followers have been involved and accused in both cases.

The court indictment said that the muslim sheik was "consulted in pursuing and planning bombings, murders and other acts of terrorism."

'Abd-al-Rahman, is now in federal custody in a prison near New York City. The sheik, who was detained only on immigration charges until indicted, was ordered by an immigration judge to be deported on immigration violations before, including charges of false statements on his application for a visa.

The sheik was tried and acquitted in connection with the assassination in 1981 of then Egyptian President Anwar Sadat, and he was charged with inciting a 1989 riot in Egypt. Reports said the sheik once spent some time in the Sudan and Pakistan, helping the CIA-backed Islamic rebels in Afghanistan. The sheik, who became a permanent U.S. resident, entered the country in 1990 on a tourist visa that the U.S. State Department acknowledged was granted mistakenly by the U.S. Embassy in Khartoum.

The Egyptian Government has asked the United States to extradite the sheik, accusing him of provoking terrorist attacks against the government and foreign tourists in Egypt and advocating the overthrow of President Mubarak.

The sheik, negotiating with federal authorities last week for deportation through his lawyer, now has to stay in the United States to face criminal charges.

Commenting on the indictment as "U.S. v. the Sheik," THE NEW YORK TIMES said today in an editorial that putting the sheik on trial in the United States is more likely to produce trustworthy information and assure due process than extraditing him to Egypt or deporting him to Afghanistan.

Among the 15 indicted was al-Sayyid Nusayr. Nusayr, convicted of assault and weapons charges in the 1990 killing of Kahane, was now indicted on racketeering charges in that case. Nusayr, now in state prison on a related weapons conviction, was acquitted on state murder charges in the 1990 assassination.

Yesterday when the 55-year-old sheik and 14 other suspects were arraigned at a federal court in Manhattan, security was very much heavy both inside and outside of the court, for prosecutors feared that other members of the organization allegedly led by the sheik are still free to take revenge.

Followers of the sheik, including the Islamic group, the Vanguard of Conquest and the Holy War, issued a statement on the same day when the 15 pleaded innocent in the court, declaring that they will take revenge on all U.S. interests and citizens in Egypt or outside "if any harm occurs to Sheik Omar."

Fighting against international terrorism is a not easy work. Only when terrorists are punished according to law can people say justice is done.

Central Eurasia

Russian Paper Cited on Border Talks Concessions

HK0109103193 Hong Kong WEN WEI PO in Chinese
27 Aug 93 p 2

[Dispatch from Moscow: "Moscow Newspaper Reveals That Russia Will Make Concessions in Border Talks by Returning 1,600 Hectares of Land to China"]

[Text] Moscow, 26 Aug (WEN WEI PO)—Russia's KOMSOMOLSKAYA PRAVDA recently disclosed that the Russian Foreign Ministry has prepared a proposal whereby Russia will make some concessions to the Chinese side in the talks on their eastern border. However, both the executive authorities and parliament of the Russian Far East coastal region have expressed strong opposition.

The paper said the Russian Foreign Ministry's proposal involves returning approximately 1,600 hectares (approximately 24,000 mu) of land to China. The land includes the 410 hectares of arable land in the Chanka Lake area, 960 hectares of fine red pines in Ussuriysk, and 328 hectares in Hasuocho [ha suo chao 0761 4792 3390] area.

The paper said: Since Nastelachek [na si te la qie ke 4780 2448 3676 2139 0434 4430], the person in charge of Russia's Far East Region, is opposed to the Russian Foreign Ministry's idea, he has refused to join a delegation of senior officials which will pay a visit to China. Moreover, the parliament of that region lodged a protest with the Russian National Boundary Demarcation Committee and recalled the executive representative to the committee. The paper maintained that the above-mentioned practice by the Far East Region was intended to "build up momentum" so as to "save itself from losses." For this reason, the region's representative to the Russian National Boundary Demarcation Committee returned relevant documents to Moscow without signing them.

Symposium on Cooperation With Ukraine Held in Kiev

OW0109031793 Beijing China Radio International in Russian 1900 GMT 31 Aug 93

[Text] The international symposium, "Path of Cooperation Between Ukraine and China," opened on 30 August in Kiev, capital of Ukraine. Ivan Dzyuba, minister of culture of Ukraine, and Zhang Zhen, Chinese ambassador to Ukraine, participated in the symposium's opening ceremony and made speeches.

During the course of the symposium, more than 100 well-known Ukrainian and Chinese scientists will discuss the prospects of developing familiarity with Ukraine in China and conversely, with China in the Ukraine, as well as, issues of cooperation between the

two countries in the sphere of politics, economy, science and culture. The symposium will complete its work on 3 September.

Kyrgyz Foreign Minister Continues Beijing Visit

LD3108212193 Moscow ITAR-TASS in English
1853 GMT 31 Aug 93

[By ITAR-TASS correspondent Pavel Spirin]

[Text] Beijing August 31 TASS—China and Kyrgyzstan have favourable conditions for developing their relations in all fields and, primarily, in trade, Chinese Vice-President Song Yiren told visiting Kyrgyz Foreign Minister Ednan Karabayev on Tuesday.

However, both countries need to expand contacts and exchange experience at all levels so that to realize the available potential for cooperation, he added.

For his part, Karabayev noted that Kyrgyzstan's political and economic relations with China had developed greatly over the period since its independence was proclaimed. He also declared for developing all-round contacts between the countries and, first of all, in the field of trade.

On the same day, Karabayev left Beijing for Urumqi, the administrative centre of the Xinjiang Uygur Autonomous Region.

Southeast Asia & Pacific

Xie Fei Receives SRV Communist Party Delegation

OW3108192593 Beijing XINHUA in English
1540 GMT 31 Aug 93

[Text] Guangzhou, August 31 (XINHUA)—Xie Fei, a member of the Political Bureau of the Communist Party of China (CPC) Central Committee, met with a delegation from the Communist Party of Vietnam here this evening.

The delegation is headed by Le Huy Ngo, a member of the Vietnamese party's Central Committee and deputy head of the Organization Commission of the Central Committee.

Xie, who is also secretary of the CPC Guangdong Provincial Committee, extended a welcome to the Vietnamese visitors on behalf of the CPC Central Committee and the CPC Guangdong Provincial Committee.

Xie said that bilateral exchanges in fields of politics, economy, science and technology, and culture between China and Vietnam have been developing smoothly in recent years.

Frequent exchanges of visits between the two countries and parties have contributed greatly to promoting mutual trust, friendship and understanding, he said.

Xie said that Sino-Vietnamese cooperation, friendship and unity are in the interests of both peoples, and are significant for peace and stability in Asia and the world as a whole.

He also briefed the guests on Guangdong's reforms and opening up as well as on party building in the province.

Le Huy Ngo said that the Communist Party of Vietnam pays close attention to the achievements the CPC has made in China's reforms and opening to the outside world, adding that they are happy and encouraged by what they have seen in China during the visit.

The delegation, which arrived here yesterday from Shanghai, is scheduled to travel to Jiangmen city and the Zhuhai Special Economic Zone, where it will visit state-owned enterprises and joint-ventures.

Burmese, Chinese Consulates-General To Be Reopened

OW0109055693 Beijing XINHUA in English
0437 GMT 1 Sep 93

[Text] Yangon [Rangoon], September 1 (XINHUA)—Myanmar [Burma] and Chinese consulates-general are to be reopened in Kunming, China's Yunnan Province, and in Mandalay, Myanmar's Mandalay division respectively, according to a today's report from Myanmar news agency.

The report said that with a view to effectively facilitate economic, trade and consular relations, the Myanmar and Chinese Governments have agreed through exchange of notes, in Beijing on August 19 this year, to re-establish their respective consulates-general.

The Myanmar consulate-general reopens today in Kunming, Yunnan Province. The Chinese consulate-general will be reopened in Mandalay, Mandalay Division, in the near future, the report added.

NPC Chairman Qiao Shi Meets Indonesian Group

OW3108151993 Beijing XINHUA in English
1355 GMT 31 Aug 93

[Text] Beijing, August 31 (XINHUA)—Qiao Shi, chairman of China's National People's Congress Standing Committee, today met with a delegation from the Indonesia-China Economic Social and Cultural Cooperation Association led by its General Chairman Dr. H. Sukamdani Sahid Gitosardjono.

The association is the first friendship organization set up as regards China in Indonesia since the resumption of bilateral relations several years ago.

Qiao said he appreciated the efforts that the association has made in promoting the friendly ties between the two countries.

He said, "our China-Indonesia Economic Social and Cultural Cooperation Association was set up with the help of its Indonesian counterpart.

"We sincerely hope that the two associations will build close ties of cooperation and we believe that they will play a powerful role in expanding bilateral ties in future," he added.

Qiao said Indonesia is a close neighbor of China, adding, "we have every reason to develop bilateral relations in a better way."

He noted that the present international situation has provided a good chance for cooperation among the countries in East and Southeast Asia.

So long as the countries in the region make efforts to safeguard regional peace and stability and cooperate in a wide range of areas especially in economy on the basis of equality and mutual benefit, the prospects for regional development are hopeful, he said.

Sukamdani said the delegation attended the ceremony here for the establishment of the China-Indonesia Economic Social and Cultural Cooperation Association.

He said the two organizations have reached an agreement for cooperation and will set up a working committee full of vitality.

He held that the two countries should undertake cooperation and exchanges not only in the fields of economy and trade, but also in those of society and culture.

Wang Guangying, vice-chairman of the National People's Congress Standing Committee and chairman of the newly established China-Indonesia Association, and State Councilor Ismail Amat also met with the delegation on separate occasions here today.

This evening Wang and Sukamdani signed a memorandum of understanding for cooperation between the two associations.

Later Sukamdani gave a return banquet in honor of his Chinese counterparts at the Great Hall of the People here.

Political & Social**Press Reportage, Comment on Case of Dissident****Editorial: Authorities Creating 'Trouble'**

HK3108125493 Hong Kong TA KUNG PAO in Chinese
28 AUG 1993 2

[Editorial: "Who Is Starting Trouble?"]

[Text] Han Dongfang's passport was declared invalid and he was refused entry into China. This is originally a move both sensible and lawful, but some people with ulterior motives took advantage of the event to confuse right and wrong, and to create a sensation.

Yesterday, the news spokesman of the Ministry of Public Security clarified the matter. There are four main points in his speech: 1) After Han Dongfang left the country, he went back on his promise, and actively engaged in activities to oppose the Chinese Government and infringe on national interests. 2) The purpose of his entering the country is to "return to China to lead personally" those illegal organizations aimed at opposing the Chinese Government. 3) Han Dongfang is manipulated by the Hong Kong Alliance in Support of the Patriotic and Democratic Movement in China, which is aimed at opposing the Chinese Government, and was accompanied by Tsai Yao-chang, head of the above Alliance, to sneak into China in an attempt to create and magnify disturbances. 4) The decision to declare Han's passport invalid and refuse him entry into the country conforms with the stipulations of the law. What merits our attention is that the Chinese Government also left an outlet for Han Dongfang: the issue of his return to China will be reconsidered according to the law if he shows signs of repentance in the future. Hence, whether he is able to return to the country depends on his own actions.

Unexpectedly, this matter, which the Chinese Government handled in accordance with legal principles, has aroused a mighty uproar in Hong Kong, and the United States and Britain even have elevated the incident to the diplomatic level.

Who is making trouble? Various abnormal behaviors of the British Hong Kong Government have provided much food for thought.

On 23 August, Acting Hong Kong Governor David Ford took the initiative in expressing concern for the Han Dongfang incident to the media, saying that the Hong Kong Government had twice expressed concern about this incident to the Chinese Government, and that the Hong Kong Government would follow up the matter should the occasion arise. According to the media, Hong Kong Government officials very seldom mention some sensitive political figures on their own accord, and as a usual practice, they said that they would not "comment

on an individual case." It is quite unusual for David Ford to take such an attitude toward Han Dongfang. What on earth can it be?

"One country, two systems" will be practiced in Hong Kong and mainland China after 1997, and the people living in these two regions will go through the entry and exit procedures according to respective regulations, which will not be the same. However, trying to link the case of revoking Han Dongfang's passport with the issue of Hong Kong people's entering and exiting the territory after 1997—two things that are simply unrelated—David Ford said that "the Chinese Government should have noted the Hong Kong people's anxiety over their future freedom to enter and exit the territory because of the Han Dongfang incident." What on earth did he make such remarks for?

After Han Dongfang's passport was withdrawn, the British Hong Kong Government went so far as to permit him to stay in Hong Kong for one month, until 22 September. 23 September will be the day on which the International Olympic Committee will vote to choose the city to host 2000 Olympic Games. The British Hong Kong authorities let Han Dongfang make a sensation in Hong Kong for one month just before the voting. What is their purpose, after all?

Having arrived in Hong Kong, the heads of the Hong Kong Alliance in Support of the Patriotic and Democratic Movement in China mustered a handful of people to stage hunger strikes, in turn, over several days outside the XINHUA NEWS AGENCY, and fabricated rumors in an attempt to incite the masses, who are unaware of the facts, to confront the Chinese Government. Although the XINHUA NEWS AGENCY has made repeated presentations in the hope that the British Hong Kong authorities will stop these illegal acts, they have as yet made no response and have let things run their course. This was also seldom seen in the past. Why on earth is this?

There is no need to cite more instances, as it is clear enough that the Han Dongfang incident is a planned, organized, and premeditated political action, not simply a matter of resolving a person's passport problem. The Hong Kong Alliance in Support of the Patriotic and Democratic Movement in China is giving a stage performance, while the British Hong Kong Government is behind the scenes.

The British Hong Kong Government used the Han Dongfang incident as a pretext for stirring up an evil wind, out of its own necessity against a profound international background as seen in the following aspects: First, for the purpose of echoing the United States. On the grounds of so-called arms exports and human rights conditions, the United States is attempting to impose economic sanctions on China and obstruct China's efforts to host the Olympic Games. The British Hong Kong Government's decision to let Han Dongfang stay and make a big clamor here is obviously a political

action aimed at China in coordination with the United States. Second, for the purpose of shifting people's line of vision. Recently, the British Hong Kong Authorities promulgated a new policy of changing the terms of service for the expatriate civil servants, which was seriously condemned by the vast numbers of local civil servants and various social organizations. Quite a few civil service groups are enlisting their energies in lodging complaints with the Hong Kong Government. In order to shake off the predicament, the British Hong Kong authorities have tried by every possible means to take advantage of the Han Dongfang incident to shift the Hong Kong people's line of vision and direct the spearhead against China. Third, for the purpose of confusing the public will. With 1997 approaching, more and more Hong Kong people have turned their minds toward Beijing. They are opposed to Patten's political reform package, which aims at prolonging British interests in the colony, and they have criticized and denounced the British acts of creating various obstacles in the Sino-British talks. After Han Dongfang arrived in Hong Kong, the British Hong Kong authorities thought it an opportunity to sow discord between the Hong Kong people and the Chinese Government, and to shake the confidence of the Hong Kong people in the Chinese Government and in their future, so as to achieve their ulterior motives, while adopting a position of showing concern for the Hong Kong people's freedom to enter and exit the territory after 1997.

The performance of the British Hong Kong authorities is very poor and their conspiracy will never succeed.

As for the Hong Kong Alliance in Support of the Patriotic and Democratic Movement in China, no matter how it claims in its quibbling that Han Dongfang "is acting independently" and "has absolutely nothing to do" with it, the Hong Kong people have seen very clearly that Han Dongfang was accompanied by the heads of this Alliance wherever he went, and that all he did was closely connected with the Alliance. Its quibbling is simply a gross deception that cannot in the least hide the true colors of its anti-Chinese character.

Commentary: Hong Kong People 'Misled'

*HK0109071093 Hong Kong WEN WEI PO in Chinese
1 Sep 93 p 15*

[*"Special commentary"* by Li Lin (2621 2651): "The British Hong Kong Government Has Deliberately Misled Hong Kong People"]

[Text] As soon as the so-called "Han Dongfang incident," which was an entirely premeditated and organized incident, took place, British Hong Kong Government officials joined others in making open comments on the matter. Acting Governor Sir David Ford seized on the incident to exaggerate matters by saying that freedom of action is extremely important for Hong Kong people in the future and that any proposal which will deny Hong Kong people freedom of travel in the future

will cause considerable concern. Later, a female executive councillor repeated the same comment at a formal occasion. A British local legislator even tried to arrest public attention by saying that foreigners residing in Hong Kong will not dare to air their opinions in the future for fear that they will be deported. When the Chinese Government department concerned formally announced the reason for withdrawing Han Dongfang's passport, the senior executive councillor still insisted that China should make public the legal basis for its decision.

The speedy comment on the incident and the great extent to which the matter was exaggerated by senior officials of the British Hong Kong Government almost left us speechless, or breathless. The tactics they applied are all the more worth pondering.

First, they lumped together Han Dongfang and Hong Kong people. This is extremely absurd and they could be suspected of deliberately confusing the two.

Han Dongfang is a mainland citizen and his travel documents are controlled by the department concerned on the mainland, while Hong Kong people's travel documents will be controlled by the Special Administrative Region (SAR) government after 1997. As far as the laws and regulations on passports (or travel documents) are concerned, the mainland and Hong Kong have their own laws and regulations. The mainland laws and regulations do not apply in Hong Kong. How Hong Kong people's travel documents will be controlled after 1997 is a matter that comes within the jurisdiction of the SAR government. The SAR government will control them according to the Basic Law and Hong Kong laws. Article 31 of the Basic Law has clearly dealt with this issue. British Hong Kong Government Officials' allegation that Han Dongfang and Hong Kong people could be mentioned in the same breath is no more than suggesting that the Chinese Government will not abide by the Basic Law and that regulations in the Basic Law will not be carried out, thus setting Hong Kong people against the Chinese Government.

Again, the reason for withdrawing Han's passport was that while holding the valid document issued by the Chinese Government, Han took an active part in the activities endangering China's interests. For example, he called on the U.S. Government to impose additional terms on China when renewing China's MFN status. The mainland department concerned acted according to law. The department will in no way adopt similar measures against law-abiding citizens on the mainland, because such an act is not permitted by laws. How Hong Kong people's travel documents will be controlled after 1997 is a matter that comes within the jurisdiction of the SAR government, which will enjoy a high degree of autonomy. The central government will not interfere with the SAR government and there is not such a mechanism. Hong Kong people will also be allowed to travel to the mainland as usual after 1997, unless they take part in illegal activities on the mainland. So the

assertion that Hong Kong people are "concerned" that there will be no freedom of travel after 1997 merely suggests that Hong Kong people will infringe upon China's interests. This amounts to a deadly insult against the majority of Hong Kong people, who love China and Hong Kong.

Senior officials of the British Hong Kong Government should have the qualifications to know that the Han Dongfang case and the freedom of travel for Hong Kong people are two entirely different things. But they deliberately kept lumping the two things together and seized on the incident to exaggerate matters. If good and honest Hong Kong people could associate the comments by senior officials of the British Hong Kong Government with the Hong Kong Government's acquiescence in the activities of a few members of the Hong Kong Alliance in Support of Patriotic Democratic Movement in China, would they have difficulty in finding the tell-tale clue to the matter?

Political Adviser's Remarks Noted

HK0109034093 Hong Kong SOUTH CHINA
MORNING POST in English 1 Sep 93 p 6

[Report by Fanny Wong and Debbie Chu]

[Text] The Han Dongfang affair was mishandled, Hong Kong's new Political Adviser said yesterday.

But Bob Peirce, who took up the post a week ago, was doubtful that the thinking behind the exile of Mr Han posed a threat to the freedom of movement promised to Hong Kong people in the Joint Declaration.

The Han case was not the territory's problem, he said.

Hong Kong became involved unwillingly because China chose to send Mr Han across the border, he added.

"We are not very happy to have this problem brought to Hong Kong in this way," he said.

"We want this problem resolved. There is no pressure for Han to leave Hong Kong."

Mr Peirce would not comment on what would happen if China refused Mr Han entry when his visa expired.

Mr Peirce said he understood the wider concern in Hong Kong on future freedom of movement as guaranteed in the Joint Declaration, but it was too early to consider the matter urgent.

Mr Han's passport was cancelled by mainland authorities after he was expelled from the country on his return from the United States.

Beijing has since said it might allow him back if he repented.

He asked a local member of the National People's Congress, Elsie Leung Oi-sie, to pass a letter to NPC [National People's Congress] Chairman Qiao Shi.

Also yesterday, Senior Executive Councillor Lady Dunn called for a clearer explanation by the Chinese Government on which laws Mr Han had allegedly broken.

Lady Dunn said the Chinese Government should follow the legal process before cancelling Mr Han's passport.

"At the end of the day, if laws are broken, there should be a legal process before someone is stripped of his passport and citizenship rights," she said.

Commentator's Article on Fighting Corruption

HK0109121493 Beijing RENMIN RIBAO in Chinese
30 Aug 93 p 1

[Commentator's article: "A Powerful Ideological Weapon for Fighting Corruption and Promoting Honest Style—Studying Comrade Deng Xiaoping's Important Remarks on Fighting Corruption"]

[Text] In his important speech at the Second Plenary Session of the CPC Central Commission for Discipline Inspection, Comrade Jiang Zemin made clear the party Central Committee's determination to fight corruption and expressed the aspirations of the whole party and the people throughout the country. Doing a successful job in implementing the gist of Comrade Jiang Zemin's speech, in cultivating an honest party style, and in launching struggles against corruption has great significance for enhancing the party's unifying force and combat readiness, for comprehensively carrying out the party's basic line, and for ensuring the smooth progress of reform, opening up, and the modernization drive. In his speech, Comrade Jiang Zemin urged the whole party to restudy a series of important remarks made by Comrade Deng Xiaoping on straightening out party style, strengthening the building of a clean and honest administration, and fighting corruption. Today, as we try to comprehensively and correctly implement the gist of Comrade Jiang Zemin's speech and the spirit of the Second Plenum of the CPC Central Commission for Discipline Inspection, the most important task facing us is to conscientiously study and thoroughly comprehend the series of important anti-corruption remarks made by Comrade Deng Xiaoping, which we must use to unify the thinking of the whole party as well as to enhance their understanding. We should keep a firm grip on this ideological weapon and use it to guide our thorough and sustained struggles against corruption.

Since the beginning of reform and opening up, our party has consistently attached great importance to the work of improving party style, strengthening the building of a clean and honest administration, and opposing corruption. As the chief architect of China's reform, opening up, and modernization drive, Comrade Deng Xiaoping explicitly pointed out—as early as shortly after the Third Plenary Session of the 11th CPC Central Committee—the need to improve party style, prevent officials from becoming corrupt, and approach the anticorruption struggle from the high plane of whether the party and the country will "change color." What he has said has once

again sounded the alarm for the entire party. Over the past decade and more, Comrade Deng Xiaoping has always paid close attention to and given a series of important instructions on this issue. In an important speech delivered during his inspection trip to southern China in the spring of 1992, while urging all comrades in the party to emancipate the mind, seize favorable opportunities, and speed up the pace of reform and construction, Comrade Deng Xiaoping once again stressed the great importance of fighting corruption and reinforcing the building of the socialist spiritual civilization.

Comrade Deng Xiaoping has made a rich array of remarks on improving party style, strengthening the building of a clean and honest administration, and fighting corruption. He sharply pointed out the harmfulness of corruptive practices, calling for efforts to consider the building of a clean and honest administration a major task and to "fight corruption during the entire process of reform and opening up." As always, Comrade Deng Xiaoping stressed the need to do two types of work simultaneously, attaching equal importance to reform and opening up on the one hand and to the crackdown on criminal activities on the other. "Socialism with Chinese characteristics is featured by success in the building of both civilizations." As regards the relationship between party style and the general mood of society and that between the work style of common party members and that of leading cadres inside the party, Comrade Deng Xiaoping has repeatedly pointed out that the key to improving the general mood of society lies in improving the party style. In order to succeed in rectifying the party style and developing a sound general mood in society, we should start with the senior-ranking cadres. When discussing ways in which we fight corruption and advocate an honest work style, Comrade Deng Xiaoping pointed out that we should proceed from education and preserve the tradition of hard struggle. Encouraging the spirit of hard struggle can help us eliminate corrupt practices. The leading cadres must play an exemplary role in doing pioneering work through arduous efforts. Comrade Deng Xiaoping has emphasized that the building of a clean and honest administration must rely on education and even more on the legal system. Efforts should be made to strengthen the supervision of party and government organs and of the masses of the people over our cadres and to set up an effective supervisory mechanism. For those who violate party discipline—no matter who they are—we should enforce discipline, draw a distinction between their achievements and their mistakes, should be strict and fair in meting out rewards and punishments, and should promote healthy tendencies and combat unhealthy ones.

In his series of significant remarks, Comrade Deng Xiaoping, from the high plane of the overall strategy of the socialist modernization drive, has expounded on the significance and functions of reinforcing the building of a clean and honest administration and fighting corruption, has analyzed in a scientific way the causes of corruptive practices, and has put forward in clear-cut

terms the fundamental principle of the anti-corruption struggle. All his significant remarks form an important component of his theory on building socialism with Chinese characteristics and serve as a powerful ideological weapon for us to carry out anticorruption struggles and reinforce the building of a clean and honest administration. As long as we keep Comrade Deng Xiaoping's remarks firmly in mind and adopt a positive and correct approach in carrying out the anti-corruption struggle, the cause of the reform, opening up, and modernization drive can surely attain smooth progress. If we ignore or let Comrade Deng Xiaoping's remarks fade from our memory or slacken our efforts in carrying out struggles against corruption, then the reform, opening up, and modernization drive will sustain losses. This is a truth which we must firmly bear in mind. In carrying out the present struggles against corruption, while studying the theory on building socialism with Chinese characteristics, we must take some time out to concentrate on the study of Comrade Deng Xiaoping's remarks on combating corruption. We must integrate theory with practice, conscientiously comprehend and comprehensively grasp the basics of his remarks, and strive to overcome various kinds of incorrect thinking. In particular, we need to thoroughly grasp the essence of Comrade Deng Xiaoping's theory on the dialectical relationship between anti-corruption struggles and the cause of reform, opening up, and economic construction. We must overcome one-sidedness, attain a correct understanding of and properly handle the relationship between the cause of reform, opening up, and economic development and the struggle against corruption. Furthermore, while developing a socialist market economy, we need to persist in continuing an effective anticorruption struggle and thus provide better services for the reform, opening up, and modernization drive.

Article Sets Out Struggle Against Corruption

HK3108130893 Hong Kong TA KUNG PAO in Chinese
27 Aug 93 p 2

["Special dispatch" by staff correspondent Ma Ling (7456 3781): "Fighting Corruption Perseveringly"]

[Text] Beijing, 26 Aug—The second session of the Central Commission for Discipline Inspection ended yesterday after issuing a public announcement declaring war on corruption.

Folks were immediately excited and all were debating: It looks like they mean business this time!

People Are in Eager Anticipation

The public announcement lists three tasks that should be grasped well: First, leading party and government cadres must set a good example by staying clean themselves; second, investigate and tackle a large number of major cases; and third, vigorous efforts to curb a few unhealthy trends that have angered people. People are in eager anticipation.

Of course, there still will be doubts amid this eager anticipation: Do they really mean to catch a few tigers? Would they finally end up arresting only a few cats?

The first gainst corruption is long overdue. In 1988 the outcry against corruption culminated in a political storm that took everyone by surprise. At the First Session of the Eighth National People's Congress in March, two passages in Li Peng's "Government Work Report" won the greatest applause: The Hong Kong problem, which won four rounds of applause, and the fight against corruption, which won two, showing clearly that people were concerned.

Corruption Bred From Exchange of Power for Money

For a long time, a considerable number of officials held that for the economy to go up, discipline must go, apparently believing that "if they are not serious about ideology, assume less responsibility, ease up on discipline, and work in a perfunctory manner," the economy will grow at a high speed. Meanwhile, a certain number of officials have been "selling their powers" in economic transactions, leading to the widespread trading of power for money, and to interlocking and entrenched corruption.

The people characterize these officials as having progressed to a communism of "one revelry and two misappropriations," respectively referring to their fancy lavish dinners and the misappropriation of public manpower and funds for their personal affairs and expenditures, including building and decorating homes, traveling, gambling, visiting brothels, reveling at nightclubs, offering gifts and bribes to other officials with public funds, and so on.

Deng Xiaoping pointed out in January 1986 when speaking to a Central Committee Political Bureau Standing Committee meeting: "We have done very well in economic construction and the situation is heartening. This is our country's success. However, economic success will lose significance if the social climate continues to deteriorate. Some bad things will result from all this and will affect the whole economy, turning it into a negative thing. And as these things develop there will appear a world of rampant corruption, theft, and bribery." Even at that time Deng Xiaoping understood well the problems with the economy and corruption.

Later, on the southern inspection tour, Deng Xiaoping pointed out incisively: "Problems, if there are any, probably will come from within the Communist Party."

Reporting Rates from Crime-Reporting Centers Plummet

The people first deeply resented and then were disillusioned with the corruption, which now is expanding even more rapidly than economic growth. Supervision Ministry reporting centers across the country all have reported a very sharp drop in complaints against corruption, suggesting two problems: One, people suffer at the

hands of their bosses against whom they have complained; and two, the masses are disillusioned with lodging complaints, realizing that they do not change anything.

The situation now is that the Communist Party must save itself.

To save the Communist Party, it is necessary to direct the "scalpel" to the rotten parts in the party.

The current round of anticorruption struggle is reported to be focusing on leading organs and cadres.

This time, the determination is there and the main thrust of the action has been fixed: Investigating and tackling major cases.

Next we will look at what responsible officials really have done in tackling corruption; it is not enough to merely look at what they have written on paper, printed in newspapers, or spoken at meetings.

The spirit of the recently concluded Second Plenary Meeting of the Central Commission for Discipline Inspection is reported to be: Genuine efforts to move things. The last four months of this year should produce some landmark results that can sum this period up as a stage, and should not degenerate into what happened in the past: Campaigns with all kinds of sound and fury, in which everyone hurried to declare his innocence. We will strengthen supervision and reporting work, and will treat the symptoms, as well as their causes.

"Three Stern Measures" in Tackling Corruption

Most importantly: How do we fight corruption perseveringly and in a way that is proven effective? There are loud calls against officials exercising their powers behind closed doors, and for "letting the sun shine through the system." The work against corruption should be blessed by three "stern measures": Carefully thought-out legislation, strict supervision, and stern sanctions.

Anticorruption work is indeed a struggle.

"The end to fighting is nowhere in sight."

CPC Official Discusses Corruption Fight, Economy

OW3108042393 Beijing QIUSHI in Chinese No 14, 16 Jul 93 pp 8-13

[Article by Hou Zongbin, deputy secretary of the CPC Discipline Inspection Commission: "Make a Determined Effort To Fight Corruption and Ensure the Sound Development of a Socialist Market Economy"]

[Text] In his report to the 14th CPC National Congress, Comrade Jiang Zemin stressed: "Persistence in the fight against corruption is a major issue in forging close ties

between the party and the masses. We must fully recognize this struggle's urgency, long-term nature, and arduousness. It is necessary to wage a struggle against corruption throughout the whole course of reform and opening up to the outside world." His remarks thrust the issue of fighting corruption before all comrades in the party like the sound of an alarm.

1. Fighting Corruption Is the Objective Requirement for Developing a Socialist Market Economy

Market economies in all societies are subject to constraints imposed by the social environment and social systems. Market economies practiced under different social systems share some common features as well as different characteristics. A socialist market economy has the following special characteristics: It closely integrates the market economy with the socialist system; it is managed by the Communist Party and people's power; it takes public ownership as the main body in the ownership system; and it strives for common prosperity.

The socialist market economy's special nature determines the objective necessity for us to fight corruption. Politically speaking, our social system is led by the Communist Party and people's power. Enhancing the building of party style and clean government constitutes a safeguard for the development of a socialist market economy and is an inherent requirement imposed by the economic foundation on the superstructure. Economically speaking, we take public ownership as the main body of our ownership system and we complement it with individual, private, and foreign-capital economies. In the course of reform and opening up to the outside world, it is not only necessary to use various forms of economic activity to invigorate state-run enterprises, but also to ensure the preservation and increase in the value of state assets, and to prevent them from suffering losses and from becoming personal assets. Regarding the distribution system, we practise a multiple distribution system with the system of distribution according to work as the main body; we not only want to overcome egalitarianism, but also need to prevent polarization between the haves and have-nots; we will not permit illegal business operations to accumulate ill-gotten gains. This then requires us to enhance macrocontrol over the market economy's operation, and to strengthen the building of a socialist democratic legal system and spiritual civilization, while establishing a socialist market economy. We not only need to raise our economy to new heights but we also need to do a good job in changing people's mindsets, of raising their scientific and cultural quality, and of improving social order and ethics, particularly in the ruling party's efforts to enhance the building of party style and clean government. When touching on catching up with the "Four Little Dragons," Comrade Deng Xiaoping stressed the following in important remarks made during his southern China tour early last year: "We need not only to reach new heights in economic development, but also to do a good job in improving social order and ethics. Only by surpassing the 'Four Little Dragons' in the area of building the two

civilizations will we be able to claim that our socialism is one with Chinese characteristics."

The principle of a market economy which stresses fair competition is incompatible with businesses and departments engaging in monopoly operations, as well as with unnecessary administrative interference; it is particularly incompatible with such corrupt practices as abuse of power for personal gain and trading money for power. As our country's market economy is still in the development stage and the market order is yet to be completely established, some people in party and government departments still retain the power to interfere in micro-economic activities, which tends to give rise to the commercialization of power. This not only seriously impairs the party and government's image but also sabotages the principle of equitable competition in a market economy, as well as undermining the establishment of a socialist market economic order. Therefore, anticorruption is the necessary requirement for a socialist market economy's operation.

The market economy is an open economy. With the expansion of reform and opening up to the outside world, the inroads of the corrupt thinking and lifestyle of capitalism are inevitable, and have had an impact upon our party members and cadres. As matters stand, special economic zones and coastal open cities—"windows" for opening to the outside world—stand at the forefront of fighting corruption. According to statistics gathered from eight coastal open cities, economic-related cases accounted for 42 percent of all cases involving violation of party discipline and state laws from 1987 to 1990, which is nearly 18 percent higher than the nation's average figure for the same period. Disproportionate rates of cases other than economic-related ones were also reported in coastal open cities. The negative side of opening up to the outside world has shown the need for us to heighten vigilance to guard against the inroads of capitalist corrosive thinking, and against various crimes and ugly social phenomena that accompany it. Only through steadfastly enhancing the building of party style and clean government, and waging a struggle against corruption can we ensure the smooth progress of reform, opening up, and economic development.

A market economy is a form of economy governed by laws. It is necessary to standardize the behavior of the market economy through laws and regulations; to legalize the relationship between the state and localities, between the state and enterprises, and among enterprises; to regularize the economic activities of the state, enterprise, and individual; and to incorporate the functioning of the entire market economy into a legal framework. This is in line with the efforts to enhance the building of party style and clean government, and to place restraints on and standardize the behavior of party members and cadres. Establishing and perfecting a socialist market economic system is an arduous and complex social project as well as a long process. In the course of that process, particularly at the initial stage, because of the coexistence of the new and old systems,

and the relative tardiness in formulating relevant laws and regulations, it is unavoidable that there will be voids and loopholes in policies, laws, regulations, and social management, which will give rise to unhealthy tendencies and corrupt phenomena. Therefore, this historical period is the most difficult, as well as the most vital and most important period in the fight against corruption. Unwaveringly doing a good job in the anti corruption struggle, strengthening the building of party style and clean government, and reducing corrupt phenomena to the minimum, are the objective requirements for building a socialist market economic system, as well as an historical mission for discipline inspection and supervision organs.

2. Fighting Corruption Is an Important Safeguard in Building the Party Into a Strong Core of Leadership for the Socialist Cause

Our party is a Marxist ruling party and the leading core for building a socialist cause with Chinese characteristics. From the point of view of enhancing party building and consolidating the party's ruling position, two most fundamental issues now face us: The first is to develop the economy and the second to do a good job in building party style and clean government. They are two issues that concern the life or death of the party. Under the new situation of developing a socialist market economy, the purpose of persisting in the struggle against corruption is to cement ties between the party and the masses, enhance and improve party building, raise the party's ruling and leading levels, and to bring into play the party's role as the leading core in building the socialist cause with Chinese characteristics.

First, only by resolutely fighting corruption can the party uphold the purpose of wholeheartedly serving the people and maintain its role as the vanguard of the working class. In the new historical period, the environment around the party and the mission the party is shouldering have changed greatly, but the party's role as the vanguard of the Chinese working class has not changed, nor has its purpose of wholeheartedly serving the people changed. The CPC's history is one of seeking liberation and interests for the people. Under the historical circumstances of reform and opening up today, the party's persistence in making economic construction its central task is in itself an embodiment of its adherence to the purpose of serving the people. This is because without development in the economy, a rise in productive forces, and a well-off life enjoyed by the people, we cannot begin to talk about serving the people. Why are there still so many complaints while the people are getting better off gradually? This is directly linked to the phenomena of corruption within the party and our fault for being firm on the one hand and relaxed on the other in our work over time. Recently, I heard a local responsible person to a democratic party say: Who can overthrow the Communist Party? Nobody. Only when it fails to eliminate corruption will it overthrow itself. This has reflected some profound concern and anxiety. While accelerating economic development, we must firmly fight corruption

and unswervingly lay equal stress and be firm on economic construction as well as on ideological and political work, so as to maintain the party's progressive nature and purity.

Second, only by resolutely fighting corruption can the party forge flesh-and-blood ties with the people. The party style's quality determines the people's feelings toward the party, which in turn determines the party's fate. The problem of party style is, in the final analysis, a problem of party-people ties. The truth that "the one who wins popular support rules, and the one who loses popular support loses the rule" was much easier to be realized during the war years, but it was often easily ignored after the party became the ruling party. In light of the practice in establishing honest party style, the number of party members being punished accounts for about 0.3 percent of the total every year, of which corrupt people take up only a small proportion. The people are satisfied that corrupt people, such as major embezzlers, are dealt with strictly and sentenced according to laws. What arouses the greatest resentment from the people is the problem of the work style fostered by cadres with party membership in daily life. Not all of these problems constitute cases for investigation, but these problems are experienced by the people and directly harm their immediate interests. In addition, the wide range and large quantity of such problems have seriously undermined the party-people ties as well as cadre-people ties. Public reaction indicates that fewer people are reporting on corruption. Analysis by some comrades maintains that this is not because the corruption has decreased, but that there is a lack of confidence in fighting corruption. People have gotten used to these things and remain calm upon seeing them. Of course, this conclusion has yet to be studied, and we have to remain sober about it. To see the hidden dangers behind such phenomena, we should never sit back relaxed and apathetic.

Third, only by resolutely fighting corruption can party organizations play the role of a powerful fighting force and party members play an exemplary and vanguard role. The socialist market economy's development has created a solid material base for strengthening party building; however, as the 14th CPC National Congress report says: "The market has its own weaknesses and negative aspects," party organizations at all levels and broad ranks of Communist Party members are faced with severe tests as a result of the negative effects. For example, under a market economy, many party members appear as both Communist Party members and commodity producers or managers. In economic activities, they have to abide by the law of value, and in political activities they must adhere to principles of party spirit. Economic activities cannot be simply regulated by political criteria and principles, nor can the principle of exchange of equal value be applied to the party's and state's political activities. The principles of competition and efficiency inherent in a market economy encourage people to actively forge ahead; at the same time, they

may induce some people to unscrupulously practice graft. Collectivism and party concepts are hence challenged. Under such circumstances, it is a pressing issue to launch the anticorruption fight and restore and carry forward the party's fine tradition and style, so as to justly and forcefully strengthen unity and fighting capacity of party organizations at all levels and build up party members' ability to resist all kinds of corruptive ideology.

Anticorruption is not the Communist Party members' "patent"; however, Communist Party members must act on anticorruption truly for the people's interests and put it into practice. These are dictated by the party nature and objective. In developing a socialist market economy, our party members will fail to lead millions of people to fulfill our magnificent objective if they are bent solely on profit and seek personal gains. If the party workstyle and social morale continue to deteriorate, the once-flourishing economy and social stability will be affected eventually. Therefore, the deeper and wider the reform and opening up to the outside world, the more we should adhere to the nature that the party is the vanguard of the working class; the more we should strengthen and improve party leadership, and bring party organizations' role as a powerful fighting force and party members' exemplary and vanguard role into play; the more we should persist in being strict with party members; and the more we should unswervingly combat corruption.

3. Fighting Corruption Is the Most Direct and Important Service to Reform, Opening Up, and Economic Construction

It is necessary to fight corruption in the course of reform, opening up, and developing a socialist market economy. Everyone understands the reason. However, why cannot we do it forcefully in practical work? This mainly has to do with some comrades' incorrect ideology.

Some comrades always set reform, opening up, and economic development against the construction of party workstyle and a clean government and anticorruption. They hold that "discipline should make way for making the economy a success"; they have urged the discipline inspection and supervision organs "to be muddleheaded, get some work off their hands, relax discipline, and handle things carelessly." Some of our discipline inspection and supervision cadres also are worried. They are afraid that launching an anticorruption fight will affect economic work; and are not willing to and dare not investigate into cases of obvious discipline violation. Others interpret "obedience" and "service" as passive "giving way" to economic construction and hold that it is outdated to discuss building party workstyle and fighting corruption. They even hold that leaving problems and cases pending is to serve economic construction. This shows that some comrades fail to understand that the dialectical relationship between the construction of party workstyle and a clean government on the one

hand and reform, opening up, and modernization drive on the other is a kind of relationship that promotes each other.

The objective of reform and opening up is to emancipate and develop the productive force and boost the economy, whereas punishing corruption is aimed at promoting and guaranteeing the healthy development of a socialist market economy by rationalizing the people's conduct and excluding interference by various noneconomic factors that impede the development of the productive force. In actual life, serious unhealthy practices and negative and corrupt phenomena in any locality, department, or enterprise will certainly affect its economic development. Such examples are numerous. Therefore, failure to intensify anticorruption practices and rectify unhealthy practices in departments, trades, and professions will not only undermine party style and social values but also seriously affect the smooth process of reform and opening up. Anticorruption is the most direct and important service to reform, opening up, and economic construction; this is the conclusion drawn from the practice of building both party style and clean government. According to statistics, during the five-year period between the 13th and 14th CPC National Congresses, discipline inspection committees at various levels had seriously investigated and handled over 870,000 party discipline violations with 730,000 guilty party members being disciplined and 150,000 expelled from the party. Supervisory organs nationwide had received nearly 3 million complaints from the masses—in person, by letters, or over the phone. Of the over 224,000 cases that were subsequently filed and investigated, more than 192,000 personnel were punished or recommended to be punished, with 1.9 billion yuan in economic losses being avoided. Since 1988, judicial organs have taken penalizing corrupt public service personnel as their main task with over 215,000 graft and bribery cases being investigated by supervisory organs nationwide. Courts throughout the country have convicted 148,000 economic criminals and recovered economic losses worth 2.9 billion yuan. Since 1990, discipline inspection committees at various levels throughout the country have emphatically examined unhealthy practices of building private houses and using public funds for excessive housing renovation in violation of the law and discipline by party and government cadres. Their actions have led to the evacuation of nearly 180,000 units of government-owned houses and the collection of 650 million yuan in funds and fines. Simultaneously, as part of the effort to revitalize the state-owned large and medium enterprises, the discipline inspection committees have organized, jointly or in cooperation with relevant departments, more than 360,000 people to penetrate into nearly 90,000 enterprises and scrutinized over 15,000 of them found to be suffering from unusual losses. Through building of party style and clean government and eliminating interference by noneconomic factors, they also have helped rectify nearly 11,000 leading bodies of enterprises that recovered over 2.2 billion yuan

in economic losses. Currently, many discipline inspection and supervisory organs, while deepening the anticorruption drive, have paid more attention to the supervision and inspection of law enforcement by linking clean government to better public service and integrating the building of party style and clean government with reform and opening up as well as economic construction carried out by their own localities and departments. For example, they inspected progress made in implementing relevant party Central Committee and State Council measures on lightening the peasants' burdens; they checked the progress in simplifying administration, delegating powers, and transforming functions by government departments in conjunction with changing enterprises' operating mechanisms; they examined major construction projects against mistakes and waste in important economic activities; and launched special campaigns to screen and crack down on the manufacturing and marketing of fake and shoddy products. All these jobs are very important to preserving social stability, maintaining fine economic order, and promoting smooth reform and opening up.

During the new historic period, all party work should serve and be subordinated to the central task of economic construction. As the supervisory and inspecting organs of the party and the government, discipline inspection and supervisory organs also should serve the party's central task. In serving economic construction, discipline inspection and supervisory organs should accomplish the three missions vested to the discipline inspection committees by the party constitution and perform the basic responsibilities conferred to the supervisory organs under the State Council "Regulations for Administrative Supervision." The implementation of the party's basic line is an integrated task to be carried out by all trades, professions, and departments sharing and emphasizing different aspects of the task as its components. The crucial point is that each and every trade, profession, or department should stick to its own job and do it well. Under no circumstance should a trade, profession, or department overstep its authority, meddle in others' affairs, or make empty talk about "service" in negligence of its own functions. Strengthening functions of the discipline inspection and supervisory organs and justly and forcefully unfolding the anticorruption struggle are the most direct and important services we can render to reform and opening up as well as economic development.

4. Fighting Corruption Is a Top Priority in Discipline Inspection and Supervisory Work

It is our established policy to enforce strict party discipline and fight corruption. The crucial thing now is for the whole party to build a consensus and take solid actions to carry through this policy. The anticorruption drive should not remain only something in the documents or to be paid lip service to. Rather, they should be implemented with solid actions. As a matter of fact, we have not made enough efforts in implementing this drive; on the contrary, what we have done is rather

inadequate. It should be noted that we have yet to stop unhealthy tendencies and corruption. Along with the development of a socialist market economy, new situations and problems will emerge one after another, making it even more difficult to implement an anticorruption drive. We must not overestimate what we have achieved so far in the drive to build a clean government and improve the party's style of work, nor should we underestimate the problems that are in existence, nor lightly take the responsibilities we are going to take up in the next phase. We must make fighting corruption a top priority in today's discipline inspection and supervisory work and devote major efforts to carry it through with success.

Investigations of discipline violations represent a point of penetration in the anticorruption drive, and is exactly one of the concrete actions our party has been taking in deepening its anticorruption drive. As Comrade Deng Xiaoping pointed out: "In promoting the spiritual civilization and improving party and social conduct, we must start from specific things." (*Building Socialism With Chinese Characteristics*, enlarged edition, p 128) The people are waiting to see whether our party is serious about punishing corruption. They are not just looking at what we are saying; more importantly, they are looking at what we are doing. Therefore, we must be really serious about investigating violations of law and discipline to halt corruption and win the people's confidence. Central Discipline Inspection Commission General Office personnel indicate that compared to 1991, the number of party members punished by discipline inspection organs at all levels in 1992 dropped 28.7 percent; the number of cases involving discipline violations fell 26.9 percent; and the number of letters of complaint and complaints in person dropped 16.7 percent. On the one hand, certain corrupt practices within the party are showing signs of spreading, the scope and monetary amount involved in discipline violations are on a steady rise, and the violators are shifting from individuals to groups; on the other hand, the number of discipline violations reported by the people and the number of cases placed on file for investigations or closed have been on a downward trend. This is a huge discrepancy that deserves the serious attention of discipline inspection and supervisory organs. It should be noted that in the transition from a planned to a market economy, the administrative functions of governments at all levels are also undergoing changes, and discipline violations involving abuse of power for personal gains are taking diverse forms. As our laws are still incomplete and in some circumstances our policies are unable to draw clear distinctions between what is lawful and what is unlawful, it would be very difficult to uncover the truth if we do not take the initiative to investigate cases on the forefront of reform, opening up, and economic construction. Admittedly, discipline inspection and supervisory departments are not mere investigative organs and statistics of discipline cases investigated and handled are not the sole criterion for appraising their performance. However, if they are unable to uncover and thoroughly

investigate major violations, then we cannot say that they have fully and successfully discharged their functions and it would be impossible for them to win the confidence of the party committees, governments, and the masses. For this reason, we have always put the investigations of discipline violations at the center of discipline inspection work and made sure that there are channels for people to lodge complaints and report violations. We must take the initiative in stepping up cooperation and carry out joint investigations with public security, judicial, auditing, industry and commerce administrative, customs, and other law-enforcement departments. We should eliminate such practices as cover-ups, holding up cases, imposing reprimands where more severe disciplinary actions are due, and replacing judicial punishment for criminal offenses with lighter discipline penalties. At the same time, we must emphasize that leading comrades of discipline inspection and supervisory organs must take personal charge of investigations under a system of responsibility. If a provincial or city discipline inspection organ investigates several cases of great impact every year and publicizes, in and out of the party, the action taken against one or two typical cases, it will help build up the anticorruption drive's momentum and serve as an education and morale booster for people in and out of the party.

The fight against corruption should be focused on investigating and handling cases involving power abuse, graft and bribery, dereliction of duty, and other decadent practices by leading organs and cadres and law enforcement and supervision departments and their functionaries. This is not a statement indicating serious corruption among the leading organs and cadres and law enforcement and supervision organs, but one dictated by the position they are in. As an old saying goes, "if the upper beam is not straight, the lower ones will go askant." Cases of violating law and discipline by leading organs and cadres, which often encounter hinderance in investigations, can cause serious and far-reaching repercussions and undermine the relations between the party and the masses. In ensuring a good job in fighting against corruption, it is necessary to focus the attention on leading organs and cadres. Only by tackling this focal point can we effectively check corruption and ensure the implementation of the party's line, principles, and policies. Investigations of violation of law and discipline by leading organs and cadres and law enforcement and supervision departments should be concentrated on three areas: 1) serious corruption of abusing one's powers for selfish gains, or trading powers for money; 2) serious bureaucratism and dereliction of duty; and 3) violation of law in the process of enforcing the law. As power abuse is the common trait of these problems, we should strengthen the constraint of powers while duly conducting investigations. We should pay attention to preventive supervision and inspection and step up the effort to check any instance of power abuse before and during its occurrence and do everything possible to eliminate problems in the embryonic stage.

Rectifying unhealthy practices in departments, trades, and professions is an important measure for fighting against corruption. Unhealthy practices in departments, trades, and professions, which are essentially a form of corruption, have the following features: 1) the common trait of obtaining selfish interests through abusing human, financial, and material resources at the disposal of departments, trades, and professions; 2) the direct damage to the people's interests; 3) the "legitimate" cover under which selfish interests are obtained; and 4) the complexity in investigations and obstinacy in rectification. In view of these features, we should launch a resolute and sustained drive to rectify unhealthy practices in departments, trades, and professions, striving to achieve results during a given period of time while continuing to deepen the drive. The policy should be aimed at education and prevention, and comprehensive measures to cure both the fundamental cause and symptoms should be adopted. We should earnestly launch special campaigns focused on checking unhealthy practices and reinforcing discipline. We should continue to rectify unhealthy practices of using one's position and powers to extort money or other material benefits; decadent behavior among some state functionaries in soliciting and accepting bribes, seeking selfish interests, and trading powers for money; evil tendencies among law enforcement, supervisory, and administrative departments in creating obstacles to transforming enterprises' operating mechanisms and encroaching upon the interests of enterprises and peasants; unhealthy practices of taking advantage of exclusive access of trades and professions in setting up government department-turned companies in the process of restructuring government organizations and transforming their functions; and problems of using public funds for extravagant wining and dining.

It should be noted that fighting against corruption is a three-tier process. First is to look into discipline violations and resolutely punish the corrupt elements. Second is to rectify unhealthy practices in departments, trades, and professions. Third is to step up policy study and strengthen the formulation of rules and regulations that will not only serve as a basis for enforcing discipline, investigating cases, and punishing corruption, but will also gradually remove from the system soil on which unhealthy practices subsist. The Central Discipline Inspection Commission, in accordance with the guidelines of the 14th CPC National Congress, has taken policy study on strengthening building party style and clean government as an important task for this year by placing the subject on its agenda. Following the establishment of a socialist market system, various new economic phenomena and economic behaviors will continue to surface, making the situation more and more complicated. While we should not judge new issues with outdated criteria for discipline enforcement, neither should we liberalize them without principle either, much less should we tolerate unhealthy practices and corrupt phenomena. On major issues, we need policies and laws and regulations to protect, restrain, and standardize

whatever we advocate, promote, oppose, and ban. Hence, discipline inspection and supervisory organs at various levels should make efforts to study new conditions and new issues emerged in the process of reform and opening up, and, in coordination with relevant departments, ascertain the scope of policies. We should concentrate our study on practical code of conduct for party and government organs, as well as party members and cadres, to follow under market economic conditions and prevent commercialization of power. The overall criteria for formulating policies should be "conductive to three causes" [conductive to developing the productive forces of our socialist society, increasing the overall strength of our socialist country, and improving the people's living standards]. Of course, these overall criteria will be reflected through many concrete laws and regulations as well as policy stipulations. We should clearly identify the internal relations and complexities among various events and things and refrain from simplification and demanding uniformity in everything. In dealing with discipline violations involving economic activities, attention should be paid to the following four aspects: 1) motives—see whether the motives are for economic development and improving reform and opening up or for personal gains; 2) causes—see whether mistakes made are results of unclear policy and lack of experience or results of abusing power for personal gains; 3) means—see whether means adopted are fair competition through legitimate channels or for fattening oneself through trickery, fraud, deception, and swindling and at the expense of public interests; and 4) results—see whether moves have promoted healthy economic development and reform and opening up or have caused disruption and destruction. In strengthening policy study, we should pay attention to the formulation of laws, rules, and regulations; to the gradual establishment and perfection of a system governing party style and clean government; and to the establishment of an effective anticorruption mechanism compatible to a socialist market economy. These are efforts aimed at institutionalizing and codifying into law the fight against corruption and building party style and clean government. Deeply hidden problems of corruption should be resolved through deepening structural reform.

Anticorruption is a long-term task that will accompany the entire process of reform and opening up, as well as the development of a socialist market economy. We should adhere to the principle of "firmness and persistence." First, we should be firm in fighting corruption all the way in a just and forceful manner or else there is nothing more we can do. Second, it is necessary to cultivate a sense of long-term battle. While it is not objective for us to say that we can wipe out corruption within a short period, we have all the determination and capability to suppress it to a minimum. The 72-year course of struggle of the CPC has proven that our party has lived up to its name of being a great, glorious, and correct party. Under the new historic conditions, we will further carry forward the fine party style and lead the

people to forge ahead and win a great victory in reform and opening up and socialist modernization drive.

Provincial Discipline Inspection Heads Interviewed

Guangdong Official on Corruption

HK0109050493 Beijing RENMIN RIBAO in Chinese
23 Aug 93 p 1

["Interview With Discipline Inspection Cadre" column by staff reporter Zhai Qiyun (5049 0796 6663): "The More We Carry Out the Policy of Reform and Opening Up, the More We Should Fight Corruption and Foster Honesty—Interviewing Wang Zongchun, Secretary of the Guangdong Provincial Discipline Inspection Committee"]

[Text] "The more we carry out the policy of reform and opening up, the more we need to fight corruption and foster honesty," said Wang Zongchun, member of the Standing Committee of the Guangdong Provincial Party Committee and secretary of the Guangdong Discipline Inspection Commission in an interview with this reporter.

Guangdong was one of China's first provinces to implement the policy of reform and opening up and to experiment with special economic zones. After reviewing the achievements in reform and opening up over the past 14 years, Wang Zongchun said with deep feeling: Practice in Guangdong shows that reform and opening up are the only way to develop production and invigorate the economy. But the more we carry out the policy of reform and opening, the more we need to vigorously foster party spirit and honesty and strengthen the work of fighting corruption and fostering honesty. Only by thoroughly implementing the party's basic line and upholding the principle of "doing two types of work and attaching importance to both" can we ensure reform and opening up and the ensure that the economy will develop healthily in a correct direction.

Wang Zongchun said: When handling the relationship between reform and opening up and the work of fighting corruption and fostering honesty, the Guangdong Provincial Party Committee has always remained cool-headed. In the early years of experimenting with special economic zones, it clearly stated that the "three special economic zones of Guangdong were not special political zones and that they had to be particularly flexible economically and particularly strict politically." It warned party organizations at all levels and all party members and cadres that they "must not allow special treatment or special privileges, and that no special party members are not bound by party discipline and national laws." As reform and opening up deepen, it called for "unswervingly opening to the outside world while invigorating the domestic economy and unswervingly dealing blows to economic criminal activities," and "unswervingly fighting corruption." Moreover, it maintained that

improving the ability of party organizations at all levels to lead economic development and improving the ability of party members to fight corruption and prevent peaceful evolution are two major tasks for strengthening the party during the new period.

Speaking on the work of fighting corruption and fostering honesty, Wang Zongchun said: On the one hand, we insist on unrelentingly educating vast numbers of party members and cadres about party discipline and honesty to improve their ideological and political quality. On the other hand, we are dealing severe blows to criminal economic activities and punishing corrupt elements. Over the past dozen years or more, Guangdong has made the best of positive and negative models and given warning education on a grand scale. At one time during our campaign to deal blows to serious criminal economic activities, we put to death Wang Zhong and Ye Makan, former secretary and deputy secretary of the Haifeng County Party Committee. Using these two negative models, the provincial party committee has carried out anticorruption education for party members and cadres across the province. Second, we executed Zhang Ying, director of the Guangzhou Tobacco Second Factory, who was convicted of being corrupt and taking bribes. By using this "tobacco case," the provincial party committee launched a large-scale antibureaucracy educational campaign among party and government organs at and above the county level across the province. The third campaign was in early last year, using as a negative example the execution of six criminals, including Gao Shengxiang, who were convicted of serious economic crimes, we thoroughly launched education about fighting corruption and observing law and discipline among party members, staff, and workers across the province. It was a great shock among party members and cadres across the province.

Speaking on the question of punishing corrupt elements, Wang Zongchun said: The provincial party committee has always considered it important to handle and investigate big and serious cases. From 1980 to 1992, discipline inspection departments and units across the province filed 82,661 discipline-breaking cases for further processing and investigation and punished 69,769 party members. Of the party members punished, 1,610 were county-level cadres and 118 were cadres who were city department heads.

Wang Zongchun finally said: The second plenary session called by the Central Discipline Inspection Commission this time was very correct in considering the anticorruption struggle as the entire party's immediate task at the present time. This conformed to the actual situations of Guangdong and other parts of China. The anticorruption struggle has a particularly important role in Guangdong. We must continue to pay good attention to reform and opening up and to the work of fighting corruption and fostering honesty in keeping with the central authorities' plans and by rallying around the central task of economic development.

Sichuan Official Stresses Leading Organs

HK0109050693 Beijing RENMIN RIBAO in Chinese
24 Aug 93 p 1

["Interview With Discipline Inspection Cadre" Column by staff reporter Chen Weiwei (7115 4850 0251): "Proceed From Leading Organs in Opposing Corruption and Advocating Honesty—Interview With Yang Chonghui, Secretary of the Sichuan Provincial Discipline Inspection Committee"]

[Text] "Leading organs and cadres must set an example in combating corruption and promoting ethical integrity. They must first maintain ethical integrity themselves. If they are corrupt, how can they expect ethical integrity of others? In the meantime, they must be tough in combating corruption, displaying boldness, and taking the lead in launching the campaign against corruption," said Yang Chonghui to this reporter with deep feeling. Yang Chonghui is secretary of the Sichuan Provincial Discipline Inspection Commission and is now attending the Second Plenary Session of the Central Discipline Inspection Commission in Beijing.

After citing many corrupt phenomena including abusing power for personal gain, exchanging power for money, moral degeneration, serious bureaucracy, and extravagance, Yang Chonghui, 44, said to this reporter: To combat the phenomena that damage party style, the Sichuan Provincial CPC Committee and provincial discipline inspection commission decided to commit all levels of authorities, starting with provincial organs, to ensure that the authorities at the lower levels accomplish assigned tasks with regard to the anticorruption campaign. Scarcely had the new Sichuan Party Committee Standing Committee been elected when it placed the problem of improving party style and building a clean and honest government high on its agenda. Xie Shijie, secretary of the provincial party committee, requested the provincial discipline inspection commission to draft on behalf of the provincial party committee five regulations on requiring cadres to be diligent and honest in performing official duties. As soon as he took up office, Governor Xiao Yang, after consulting with other newly elected government leaders, announced at the provincial people's congress the three "prohibitions" for government officials (namely, no government officials are allowed to moonlight, to be involved in the stock market, and to submit personal expense accounts to subordinate units). All this has set a good example to the people and created a favorable environment for the province-wide campaign to build clean and honest government.

When talking about unhealthy professional tendencies, Yang Chonghui said by way of analogy: "Water has its source and so has wind. To rectify the unhealthy professional tendencies, we must tackle the problem right at the source, namely, the department responsible for all trades. He made an account of what Sichuan had done in this respect: Over the last two years, the Sichuan Government started tackling the problems which had

aroused strong resentment among the general public. The government selected eight functional departments from provincial level organs as the key units and then required them to straighten things out in their units in connection with the unhealthy tendencies in the trades under them. After this was done, the government helped every department single out one or two outstanding problems and required them to settle the problems in stages. The government demanded that leading cadres of the departments not only manage their own departments well, but also take upon themselves the comprehensive responsibility for rectifying unhealthy tendencies in the trades under them. Such a practice yielded relatively remarkable results.

Yang Chonghui also told this reporter such an viewpoint of his: "The masses bear resentment against corruption in provincial level organs, no matter how insignificant it may seem. Government corruption cripples the relations between the party and cadres on the one hand and the masses on the other, damages the party's prestige, and tarnishes the government's image. Therefore, we must make thorough investigations into any corruption cases involving provincial organs and prosecute those found guilty. No leniency is allowed."

According to statistics, in the four years from 1989 to 1992, the provincial discipline inspection commission investigated and acted on 1,225 cases of violating discipline involving provincial level organs (including enterprises and institutions under them), punishing 1,206 party members, of whom 354 were expelled from the party. Party members who were punished included one cadre at the vice governor level, 21 at departmental and bureau levels, and 133 at the section level. The above measures deterred the spread of the negative and decadent phenomena and showed to the great numbers of cadres and people across the province the determination of the party and government to combat corruption.

County Secretary Discusses Views on Power

HK3008060093 Beijing RENMIN RIBAO in Chinese
22 Aug 93 p 5

["Record of the Demeanor of Young and Middle-Aged Cadres" column by Xu Minghua (1776 2494 5478), member of Jiangxi's Jiujiang City CPC Committee Standing Committee and secretary of the Xiushui County CPC Committee: "My View on Power"; first two paragraphs are RENMIN RIBAO editor's note]

[Text] Outstanding young and middle-aged cadres are the future and hope of our party and state. Those holding leading posts in cities (prefectures) and counties, in particular, are an important source of leading cadres straddling the next century, and for this reason, promoting their growth and progress is a task of strategic significance for our party.

As of today, this paper opens the "Record of the Demeanor of Young and Middle-Aged Cadres" column with the aim of publicizing the advanced deeds, work

experience, and understandings of outstanding young and middle-aged cadres holding leading posts in various cities (prefectures) and counties. It is hoped that organizations and propaganda departments at all levels will vigorously recommend and publicize their deeds so as to help us run this column in a vivid, lively way.

A leader's power, no matter how great, is given by the people. Since the people give him the power, he should serve the people heart and soul. Therefore, I see a leader's power as a duty rather than a kind of enjoyment. The best expression of this duty is to exercise, wield, and administer power well.

To exercise power well, we should take responsibility for and do good to the people. As a county party committee secretary, I do have some power, but I should not abuse it because I am elected by the masses, who want me to do them a good turn and serve them well. Ours is a county in the old liberated area. It covers an area of 4,503 square km and is inaccessible by highways for a considerable part. Working in such a big county with a vast territory, I, as county party committee secretary, do not merely hear reports at the office, sign letters from people, or write my views on them, but try to move my office desk to the fields, village cottages, or peasant homes, for only in this way can I understand and serve the masses. I stick to the villages all the year round because I know that the more outlying the place is, the more the masses need me. In Yangjin there is a village some 50 li away from the township government. When we arrived at the village on foot, the common folks were very moved. They told me: "You are the first county leader who has come to our village since liberation." Huangshaqiao is a village with which I have established contact. The masses there were eager to get rich but did not know what to do. When I went to the village, I conducted investigations during the day and engaged in small talk at night in a bid to find a way. I encouraged them to cultivate 400 mu of orchards. Now the fruit trees are more than 1.5 meters high and are expected to bear fruit next year. Over the past few years, I have received over 4,000 letters from the people, which I read and dealt with personally.

To wield power well, we should refrain from entertaining inordinate ambitions and making presumptuous demands. I am a young leading cadre, but I am also an ordinary person who has seven emotions and six desires, has relatives and friends, and lives in society. When, with full confidence, they came to me and asked me for help, what should I do?

My principle is: Do quickly whatever conforms to policies and regulations and should be done, and refuse to do whatever does not conform to policies and regulations. Some matters are indeed small and come within my jurisdiction, but I should not ignore them because I profoundly realize that the masses always evaluate a leader or approach a party member in small matters. If, in violation of my principles, I take advantage of my power to do something for my relatives and friends, it will have a very bad influence no matter how small it is.

My wife is a local and her sister has been a worker in a small collective factory some two km away from the county seat. Since the enterprise is unable to pay out wages and it is inconvenient for her to go to work, it stands to reason that I should transfer her to the county town, but I refrain from doing so. This is because many people have more difficulties than she. If I use my power to transfer her into the county seat, how can I explain this to other comrades? I deal with my relatives without sparing their sensibilities and I am also strict with myself. Seeing that my residential house was rather small, some comrades in the unit suggested on several occasions changing my house, but I refused. To date, I still live in a simply decorated house with two bedrooms and one sitting room. There is no porcelain floor in the toilet and even the screen curtains are bought from my own pocket. Since I worked as deputy secretary of the county party committee, I have never taken advantage of my position to seek personal gain. I have never, in contravention of policies and regulations, transferred anyone into town, made arrangements for someone to work in a state-owned enterprise, administrative unit, or nongovernment institution, asked to give an agricultural person a nonagricultural status, promoted a relative of mine, or accepted other people's money or things. Finding no way to send gifts to me, other people do not come into my house with presents. The masses give me enthusiastic encouragement for this. I can do all this because I realize that my power is given by the party and the people and therefore I should not take my power as capital and ask for this or that from the party and the people.

To administer power well, we should guard the door closely and manage people strictly. It is indeed important for a leader to guard well the door of his house and manage his family members. But what is more important is to manage people in the leading body so that they can exercise the power in their hands and dare to deal with those who take advantage of their positions to seek personal gains. We should be honest and clean as long as we are officials.

Because education was relaxed for a time, some cadres in our county infringed upon the state and collective interests with the power in their hands and built their own cozy nests. The masses reacted strongly. The county party committee and the county government repeatedly decided to deal with this, but each time it ended halfway. In 1990 the first thing I did when I became county party committee secretary was to screen the private houses built by cadres. There was a public outcry at that time. Most people adopted a skeptical and wait-and-see attitude, while members of the leading body hesitated, not knowing what to do. At a meeting of the leading body I made it clear that if we failed to deal with comrades who took advantage of their positions to seek personal gain and built cozy nests, could we still build the edifice of socialism? Could we stabilize it after it is built? As soon as they straightened out their thinking and unified their understanding, the trial of strength between public and

private interests was launched. We first set up a leading group to screen private houses built by cadres. At a meeting convened and presided over by me, I categorically declared that those cadres who obstructed the work of screening private houses built by cadres and who interceded for people under investigation must be seriously dealt with, no matter what level they were at. I made a few simple rules to be observed by the comrades of the work team, i.e., we should be meticulous in work, pragmatic in work style, accurate in facts, and fair in handling affairs. After more than six months of investigation inside and outside the county and through public announcements and mass supervision, 18 cadres at and above the deputy section head level and 43 ordinary cadres who had built private houses were dealt with according to their different circumstances. They were either ordered to return houses, fined, dismissed, or given party or administrative disciplinary measures.

After that, our county was elected the province's advanced unit in screening private houses built by cadres. Seeing that the new leading body got into real action and adopted tough measures, the masses clapped and cheered. They unanimously held that ours was a leading body committed to work.

Luo Gan Leads Group to Lhasa for Lama Ceremony

OW3108151693 Beijing XINHUA in English
1356 GMT 31 Aug 93

[Text] Lhasa, August 31 (XINHUA)—A group of officials led by State Councillor Luo Gan arrived in this capital of the Tibet Autonomous Region today to attend the coming inauguration of the stupa dedicated to the memory of the late tenth panchen lama.

Luo, also general secretary of the State Council, received a warm welcome from local officials, including Raidi, deputy secretary of the Tibet Autonomous Regional Committee of the Communist Party of China (CPC), and Gyaincain Norbu, chairman of the autonomous regional people's government.

Along the roads leading to the hotel where Luo is staying in Lhasa today were hung banners hailing the unity of all Chinese nationalities and expressing the thanks of the Tibetan people for the cordial attention the CPC Central Committee and the State Council have accorded them.

The tenth panchen lama, Panchen Erdini Qoigy Gyaincain, is remembered as a celebrated leader of Tibetan Buddhism, a sincere friend of the Communist Party, an outstanding activist in state affairs and a great patriot.

Qinghai Leaders Visit Dam Scene; Zhu Rongji Calls

HK0109024293 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 28 Aug 93

[Text] At about 2200 on 27 August, the dam of Gouhou Reservoir in Gonghe County, Hainan Autonomous Prefecture, suddenly collapsed. Initial surveys indicate that by 1830 on 28 August, 26 state and collective units were stricken by the disaster in the Qiabuqia area, 13 of which were completely devastated. Over 50 villages and more than 1,000 houses were destroyed and 13,000 mu of farmland was ruined. More than 400 households and 3,000 people were affected by the disaster and 219 bodies were recovered, with over 330 injuries and some missing. According to preliminary estimates, the disaster caused 100 million yuan in losses to the state, collective, and individual property.

Gouhou Reservoir is situated on the upper reaches of Qiabuqia He in Gonghe County, Hainan Zang Autonomous Prefecture, 13 km from Qiabuqia Town. Its dam is 71 m high, and its normal storage capacity is 3.3 million cubic meters. The dam is made of stone-surfaced reinforced concrete.

At about 2200 on 27 August, the reservoir suddenly started making abnormal noises. On hearing the noise, Han Guo, a staff member of the reservoir management office, saw sparks flying as the stones from the top of the dam came tumbling down. He immediately got on a motorbike and rushed to the Gonghe County Government offices at 2240 to report to the authorities. After receiving the Gonghe County Government's report at 2302, the Hainan Prefectural Government at once summoned all leaders of the five major organs available at the time and set up an interim command to begin rescue operations right away. In the meantime, the prefectural government issued an emergency warning on radio, television, and by telephone, urging the masses in the stricken area to evacuate. The officers and men of the public security, procuratorial, and judicial sectors and local armed police were dispatched to all townships and towns along the river to help the cadres and workers in the prefecture and county with the emergency evacuation of the population.

At 2345, the flood poured into Qiabuqia. By that time, most of the people in the stricken area had been evacuated and transferred to safe places. But there were some who failed to move away in time. Some public security men laid down their lives when performing their duties in the evacuation.

After the disaster struck, the Hainan prefectural party committee and government, while forwarding an emergency report on the effects of the disaster to the provincial party committee and government, immediately convened an emergency meeting of the leaders of the five major organs of the prefectural authorities to make overall plans for the rescue operation.

At 0240 on 28 August, upon hearing the news, Vice Governor Ma Yuanbiao lost no time in traveling to Qiabuqiao Town and Gouhou Reservoir, bringing with him leaders of the relevant departments and 200 armed police men, and started conducting rescue work.

After he heard the news, provincial Secretary Yin Kesheng, who was inspecting Tongde County at the time, rushed to the scene at 1330 the same day. He inspected the disaster conditions, expressed concern for the victims, and organized and conducted rescue work.

Provincial Governor Tian Chengping and party Deputy Secretary Sang Jiejia also rushed to the stricken area on the same morning.

After the provincial party committee and provincial government leaders inspected the scene and saw the aftermath, Comrade Yin Kesheng raised specific requirements for the rescue work.

By press time, the Hainan prefectural rescue command had set up seven task forces, over 130 bodies had been identified by their families, all injured people had been given proper treatment, and the entire rescue operation was in full swing.

According to another report, at about 1700 on 28 August, Vice Premier Zhu Rongji, who was on an inspection tour elsewhere, telephoned provincial Governor Tian Chengping, who was conducting the rescue operation in Hainan Prefecture. Having thoroughly inquired about the disaster conditions, Vice Premier Zhu said: On behalf of the State Council, I would like to extend condolences regarding the victims and express sympathy for their families and all the masses in the stricken area. He instructed that efforts be made to take good care of the injured, resume production as soon as possible, find the definite cause of this disaster, and draw a lesson from it.

'Newsletter' Reports on Disaster

HK0109024593 Hong Kong TA KUNG PAO in Chinese 31 Aug 93 p 2

["Newsletter" from Qinghai by staff reporter Liu Yueying (0491 4727 3841): "How Did the Dam Burst in Qinghai Occur?"]

[Text] Xining, 30 Aug (TA KUNG PAO)—On the evening of 27 August, a dam burst occurred in Gouhou Reservoir located in Gonghe County, Qinghai Province, and caused serious consequences. So far, 242 dead bodies have been found, and direct economic losses amount to over 100 million yuan. At this moment, people may certainly ask: Why did the reservoir dam burst? Can the fold be mended after some of the sheep have been lost?

The Reservoir Was Built Recently

On the day when the accident occurred, this reporter was covering news in Xining City. Gonghe County is only

140 kilometers away from Xining. As this reporter learned from the relevant departments of the Qinghai Provincial Government, Gouhou Reservoir was a new reservoir built not long ago, and it passed examination and was put into use last year. It did not seem quite possible for such a dam to burst. There were only two such stone dams with concrete surfaces.

About 2200 local time on 27 August, reservoir personnel heard an unusual sound from the dam and found that stones were rolling down from the dam top and sparks were flying when the stones hit the dam surface. They immediately rode motorcycles to the county government. After receiving the report, the county government immediately evacuated the residents of Qiabuqia, where the county government is located. At 2345, the flood torrents came. Because the reservoir is built high in the mountains, the vertical drop is more than 400 meters. The torrential momentum of the flood waters was terrible. Some residents who could not be evacuated in time were engulfed mercilessly by the floods.

The flood torrents only lasted one hour, but a serious disaster was caused to the 39 state-owned and collective units in the Qiabuqia area. Nearly 3,000 houses were shattered, and some 1.6 million mu of farmland were damaged. In addition, a prominent characteristic of the accident was the heavy casualties, which were rarely seen in major accidents in China.

Houses Built on the Riverside

When explaining why so many people died in the accident, a government official said that the government received the emergency report in time, but little could be done, because a lot of temporary residents lived in their shelters along the riverside without regard to the rules laid down by the government, and they could not flee when the torrents came. The reservoir was built on the upper section of Qiabuqia River, which runs across the county town with 30,000 residents.

Slack vigilance was one of the reasons why there were so many casualties among the residents. The weather was dry for many years in the area, and the river had little water. Many residents did not believe that flood torrents would come when they were told to leave, saying: "How could water come from the skies?" But it was too late to change their minds when the torrents came.

The provincial government has dispatched technical personnel to carefully investigate the accident and find the cause of the burst. State leaders were also deeply concerned about the accident, and strictly required that the cause of the accident be determined. It is said that, as there are many rivers in Qinghai, reservoirs were built everywhere, but many people committed the same mistake as the residents near the Gouhou Reservoir by building their houses on riversides. Once a disaster occurs, similar consequences may be caused.

At present, the feelings of the masses in the Qiabuqia area are basically stabilized, and the relief materials have

also been delivered to the hands of the disaster-stricken people. The supply of water and electricity and communications in the disaster-stricken area have been basically restored. Qinghai provincial Governor Tian Chengping stressed the need to draw a lesson from the accident, and arranged across-the-board inspections to guarantee the safety of all reservoirs, dams, and other water conservancy facilities. Through scientific analysis and realistic investigation of the causes of the dam burst, the work can be improved and hidden perils can be eliminated.

Hidden Perils Also Exist in the Longyang Gorge Hydropower Station

The Longyangxia Hydropower Station and the Lijiaxia Hydropower Station—the key power generation projects of the state—are also located in Qinghai, and separately have 1.28 million kilowatts and 1.6 million kilowatts of generating capacity. This reporter recently visited the Longyangxia Power Station. According to the relevant personnel, some worrisome problems also exist there. The main problem was that the water level was too high, and this caused too much pressure on the dam. This problem must be solved as soon as possible. At present, the state departments concerned are working intensively to deal with this problem.

Liaoning Experimental Social Development Zone Declared

OW3008135793 Beijing XINHUA in English
1258 GMT 30 Aug 93

[Text] Shenyang, August 30 (XINHUA)—The Shenhe District in this capital of northeast China's Liaoning Province has been declared by the National Social Development Coordination Group an experimental zone for social development.

It is also the country's first such zone located within an urban area.

With a population of about 530,000, the district typifies the problems of China's major cities.

In recent years, although its economy has developed rapidly, the district has accumulated such problems as traffic congestion, population explosion, pollution and shortage of cultural and medical facilities.

The establishment of the experimental zone is aimed at improving the quality of its people's lives by developing education, sanitation and sports at the same time as the economy, and by promoting urban construction and environmental protection.

The district will carry out a series of experimental projects coordinating social and economic development, according to officials from the national social development coordination group.

Key projects will be granted preferential policies and funds by the state; the district can also seek support or assistance from international organizations and foreign countries.

Already, the district has worked out a social development plan for 1993-1998.

Science & Technology

Li Peng Sends Congratulatory Cable To Daya Bay Plant

OW0109090393 Beijing XINHUA in English
0831 GMT 1 Sep 93

[Text] Shenzhen, September 1 (XINHUA)—Chinese Premier Li Peng has sent a message to the Daya Bay nuclear power station in Shenzhen, Guangdong Province, to congratulate it on its successful start in generating power.

The station's first generating unit began to experiment with generating electricity at 21:26 hours (Beijing time) yesterday. The present generating capacity of the unit is 45,000 kw, which accounts for five percent of the rated capacity.

When the China National Nuclear Corporation reported the good news to the State Council yesterday evening, Premier Li Peng cabled a message of congratulations to encourage all builders at the station to persist with their efforts to ensure complete success of the test work.

Workers at the station are now working hard to ensure that the first generating unit can go into commercial operation on schedule.

Opening of Public Switching Data Network Reported

OW3108130793 Beijing XINHUA in English
0851 GMT 31 Aug 93

[Text] Beijing, August 31 (XINHUA)—China officially opened a new public packet switching data network (Chinapac) today.

A spokesman for the Ministry of Posts and Telecommunications said Chinapac is a data communications network of an internationally advanced level. It has been established to meet the country's needs for communications between computers and data terminals, as well as the development of the information industry.

Chinapac covers 30 provincial capitals and Chongqing city in Sichuan Province, and it can also be connected with the public telephone network to cover all of the country's counties and cities, according to the spokesman.

At the early stage Chinapac has 5,500 terminal ports, and it also has international gateways in Beijing and Guangzhou, which can be connected with networks in the

United States, Japan, France, Germany, Italy, the Republic of Korea, Hong Kong and some other countries and regions, enabling subscribers to have data communication with nearly 40 countries and regions.

In 1989 China built a primary public packet switching data network. But it can no longer meet the present social demand due to limited capacity. So in 1992 the Ministry of Posts and Telecommunications decided to construct the new key network.

In addition to the various basic services of the former primary network, Chinapac also has the functions of virtual private network, broadcasting, electronic mail box, videotex, electronic data interchange and data retrieval services.

The spokesman said that the ministry adopted optical fiber, data micro-wave, satellite and many other advanced transmission systems to make sure that the network operates with high speed, high quality and high capacity.

All the provinces and autonomous regions have been constructing their own switching data networks simultaneously, the spokesman said, and they are due to start operation at the end of this year or next year. At that point the total number of terminal ports of Chinapac will reach about 20,000.

So far many related departments from financial, commercial and trade systems and all the provinces and regions have applied for entry.

Nongovernmental Scientific Firms Develop 'Rapidly'

OW2608152693 Beijing XINHUA in English
1407 GMT 26 Aug 93

[Text] Beijing, August 26 (XINHUA)—Nongovernmental scientific firms have been developing rapidly since a group of researchers at the Physics Institute of the Chinese Academy of Sciences set up China's first such firm here in 1980.

Reports from the State Science and Technology Commission show that at present the number of collectively-owned and private scientific and technological organizations surpasses 40,000 across the country.

They have a total of 650,000 employees.

Many of these firms have developed into large scientific and technological enterprises or conglomerates with modern equipment. Some even sell their products on international markets.

It is estimated that these nongovernmental firms will record 25 billion yuan in total earnings this year, the reports revealed.

Military

Experts View Deng's Thoughts on Army Building

HK3108121293 Beijing JIEFANGJUN BAO in Chinese
22 Aug 93 p 1

[Article by staff reporters Zhou Tao (0719 3447) and Ren Yanjun (0088 3601 6511): "Rally Under the Banner of Modernization—Summary of Panel Discussion by Some PLA Experts and Scholars on Deng Xiaoping's Thoughts on Army Building in the New Period"]

[Text] In the face of a turbulent world with an unfixed setup and in the face of the profound evolution in modern warfare effected by new and high technologies, how will our Army, which has gone through the glorious history of "holding little rifles," take the challenge and stride toward the future?

Everyone in the Army is thinking about this; 1.1 billion people are concerned about this.

A guidebook for action is laid before us: Deng Xiaoping's propositions on army building during the new period.

On a hot summer day, some experts and scholars of the Army gathered together in Beijing and held discussions with fervor and assurance and with an untiring spirit of exploration....

Modernization—A Clear-Cut, Main Line

Inspecting northern China troops carrying out military exercises 12 years ago, Comrade Deng Xiaoping made a memorable remark: "It is necessary to build our Army into a strong, modern, and regular revolutionary army." Later, he added: "The modernization of the Army is the center of all the Army's work."

This is the clear-cut, main line that runs through Deng Xiaoping's thoughts on army building in the new period.

This clear-cut, main line is derived from an acute grasp of the world's military trends. In his analysis of the three phases in the development of troops around the world—the phase where quantity was more important than quality, the phase where quantity was as important as quality, and the phase where quality is more important than quantity—Hu Siyuan, vice professor of the Teaching and Research Office of Arms and Services of the National Defense University, said: Today, building high-quality and high-efficiency modernized troops has become a world trend that countries around the world generally pursue. Having discerned precisely this trend of the times, Comrade Deng Xiaoping resolutely advanced that it is necessary to take modernization as the central task in the building of our Army during the new period. He also advanced a series of strategic policy decisions, such as cutting down approximately one million troops, so as to lead our Army along the path of becoming crack troops with Chinese characteristics.

The clear-cut, main line derives itself from the specific application of the party's basic line. Participating experts and scholars said: At a time when everything is subjected to the development of the national economy, and when military expenditure is maintained at "a low level," we cannot but choose the path of improving quality. Only by so doing can we hope to build up our Army. Hua Hua, research fellow of the Headquarters of the General Logistics Department, maintained: Comrade Deng Xiaoping's remark that the "Army must have patience" reveals the dialectical relationship between the development of the national economy and the modernization of the Army under specific national conditions. On the one hand, only when the country has a developed economy can it render material support for the modernization of the Army. On the other hand, a developed national economy will call for a strong national defense as a safeguard.

The clear-cut, main line is derived from the scientific summary of our Army's practice of "yesterday." The objective demands of modern warfare and the comparatively low degree of modernization in our Army already are a major contradiction in army building during the new period. Moreover, owing to the interference of "leftist" ideas, for some time we dared not talk about modernization with complete assurance of the rightness of our cause. Yin Bin, deputy director of the First Office of the Strategic Research Department of the Academy of Military Sciences, said: Since taking charge of the Central Military Commission, Comrade Deng Xiaoping gave a satisfactory answer to the puzzling question of where the Army should go, by establishing the modernization drive as the central task. This undoubtedly is an important development of Mao Zedong's military thought.

The Modernization of Men Is Essential for Modernization—A Basic Project

A modernized crack force is inseparable from electronic, laser, and precision guided weapons....

Nonetheless, the main body of a modernized Army is men. The totally new weaponry requires totally new troops to operate it.

Zhang Zhaozhong, director of the Navy's Armament Research Center, said: An overall view of Deng Xiaoping's thoughts on army building during the new period; of his pertinent remark that "taking command in modern warfare, we—including we old comrades—do not have enough capability"; and of the fact that he has stressed repeatedly the "need to make efforts to study knowledge about modern warfare and many other necessary political, cultural, scientific, and technological knowledge"; fully demonstrates that greatly improving the quality of officers and men, and achieving the modernization of these men are a basic point with which to settle the question of modernizing our Army. In light of the realities of the Gulf War, Yin Bin said: In military confrontations, the most crucial thing in determining

which side wins and which loses is still the factor of men. This is particularly so in military confrontations under high-tech conditions today.

At a time when we are earnestly calling for modernization, the microcomputers in some workplaces are used merely as typewriters. At a time when advanced radars are allotted to us, some operators would rather continue to use eyesight estimation for fear of their displaying incorrect data.... Mentioning this, Qiao Songlou, vice professor of the Scientific Education Office of the National Defense University, said frankly: There currently are three weaknesses in our Army's modernization drive: Our weaponry is inferior to that of developed countries, our technology lags behind our weaponry, and the quality of our personnel lags behind our technology; these three weaknesses must not be neglected. Qiu Jize, chief engineer of the Scientific Research Institute of the Second Artillery Corps, added: Some units have their weaponry updated, while their combat effectiveness has not improved. This shows that it is more difficult, more important, and more urgent to "modernize" men than materials. This is a basic project that cannot be neglected in the modernization drive.

Development Amid Reform—It Is the Only Way

Reform is the only way for our Army to improve combat effectiveness and to modernize. After quoting Deng Xiaoping's remark that "I am for reform, and except for reform, there is no way out," Cao Guangjun, senior research fellow of the China Institute for International Strategic Studies, told this fact: For our Army's modernization, Comrade Deng Xiaoping is not only a positive advocate, but more of a pioneer, as well. It is precisely under the planning of Comrade Deng Xiaoping and the Central Military Commission that our Army began to eliminate the "swollen part" in 1975, and to implement positively and carefully a series of important reforms. This makes it possible for the adjustment of our Army's modernization strategy so as to advance by at least 10 years over that of many other countries.

Ideas are the precursors of action. Tangible reforms must be motivated by the reform of intangible ideas. Everyone feels that our Army's modernization is an unprecedented and totally new exploration. We must hold high the banner of Deng Xiaoping's remarks about "emancipating our minds" and "changing our way of thinking." We must learn Comrade Deng Xiaoping's enormous political courage of pioneering the cause of socialist modernization with Chinese characteristics; dare to say goodbye to all old and backward things; and deepen our Army's reform, which begins with changing people's ideas.

Reform must proceed from the reality of our Army. The experts said that our Army's modernization drive is a historical course and cannot be achieved overnight, and that it is inappropriate for us to do nothing at all or to be hasty in achieving something.

It is our hope that the three armed services will bear in mind the quintessence of Deng Xiaoping's thoughts on

army building during the new period, rally under the banner of modernization, and advance triumphantly!

Army Issues Circular on Taxation, Financial Inspection

OW3008144193 Beijing XINHUA Domestic Service in Chinese 0937 GMT 28 Aug 93

[By correspondent Zheng Wenguang (6774 2429 1639) and reporter Zhang Dongbo (1728 2639 3134)]

[Text] Beijing, 28 Aug (XINHUA)—The General Logistics Department recently issued a "Circular on Launching the 1993 All-Army Inspection of Taxation, Accounting, and Pricing Work," and arranged tasks for the inspection.

The circular urged all levels and departments to rectify the accounting and taxation order, implement strict financial and economic discipline, persist in fighting against corruption and promoting clean administration, and investigate and punish various activities that violate economic and financial laws and discipline. The circular asked that these tasks be carried out on the basis of the guidelines of the State Council's circular on launching the 1993 general inspection of matters related to taxation, accounting, and pricing and the Central Military Commission's directive on strengthening the army's financial management; and according to the current financial and economic rules and regulations of the state and Army. During the inspection, it is necessary to safeguard the legitimate rights and interests of enterprises, promote the transformation of enterprise operating mechanisms, and assist enterprises in strengthening their internal management and raising economic efficiency.

The full inspection is scheduled to begin in August and essentially be concluded by the end of the year. The scope of the general inspection includes violations of financial and economic laws and discipline by army enterprises and institutions in 1993 as well as violations in 1992, which were not examined and corrected. The inspection will be centered on larger-sized, army-run enterprises and institutions with a relatively large number of economic transactions, and will look at the following aspects: Evasion of various state taxes; raising funds and launching projects in violation of regulations; retaining, misappropriating, and delaying the delivery of profits and extrabudgetary incomes that should be submitted to the state; concealing and falsifying profit reports; failure to make prompt and full payment of the key energy and transportation construction funds as well as the budget regulatory funds in due time; diverting budgetary expenditure to productive operations and loans; speculating in real estate and foreign exchange in violation of stipulations; and purchasing special commodities that are under special control or are prohibited.

The circular asked all relevant supervisory and inspection departments to support and coordinate closely with

one another in these tasks. All major units must effectively strengthen leadership and earnestly mobilize enterprises and institutions to conduct self-examination. The rate of self-examination must reach 100 percent. On the basis of full-scale self-examination, units at all levels must dispatch strong and effective inspection groups to conduct inspection of some key enterprises and institutions. The rate of inspection of key enterprises and institutions must not fall below 40 percent. Problems with violations of financial and economic laws and discipline uncovered during the general inspection must be dealt with in accordance with relevant state and army stipulations.

Economic & Agricultural

'Roundup' on Market Benefits for Foreign Investors

OW0109094793 Beijing XINHUA in English 0859
GMT 1 Sep 93

[Unattributed "roundup": "China's Vast Market Benefits More Foreign Investors"]

[Text] Nanjing, September 1 (XINHUA)—Numerical-control telephone exchange equipment made by the Shanghai Bell Telephone Equipment Manufacturing Co. Ltd. has been installed in more than 600 telecommunications and postal bureau in China.

It is said that the Sino-Belgian company now occupies 50 percent of China's market for telephone exchange equipment, and the company has been profitable for a number of years.

The general manager of the company said that the vast and increasingly mature market in China ensures that his company can recoup its huge investment.

He said that his company has invested another 170 million U.S. dollars in the new Pudong area in Shanghai to produce the third-generation telecommunications products for the market in China.

Since China adopted the open policy in the late 1970s, more than 100,000 foreign-funded enterprises from 100 countries and regions in the world have been set up in China, with about 40,000 already in full operation.

In 1992 the output value of these enterprises reached 180 billion yuan, accounting for six percent of China's gross industrial output value.

The Shanghai Volkswagen Automotive Co. Ltd, a Sino-German enterprise, is a major beneficiary of China's large market.

Since it went into production in 1985, it has sold 120,000 Santana cars in the country, worth 7.1 billion yuan.

In the rest of the 1990s the Chinese Government will further improve the investment and trade environment,

aiming to open wider its domestic market to foreign businessmen and provide more opportunities for national industry.

It will expand the investment scope for foreign businessmen and extend the open market from the coastal areas to the areas of the Yangtze river valley and inland provinces.

Now, in the downtown areas of Waitan Street in Shanghai, Wangfujing in Beijing and Fuzimiao in Nanjing, commodities turned out by foreign-funded enterprises are everywhere to be seen, from TV sets, refrigerators and elevators to instant noodles.

Surveys show that in the Yangtze River delta, including Jiangsu and Zhejiang Provinces, and Shanghai, foreign-funded enterprises are making profits from the manufacture and sale of automobiles, motorcycles, instruments and meters, micro-electronic products, telecommunications equipment, building materials, medicines and beverage.

In Shanghai's automobiles, instruments and meters, light industrial goods and machinery business, foreign-funded firms accounted for a half the profits made.

Now more foreign investors are turning their attention to agriculture, service industry, infrastructure works, and new- and high-technology.

The Chia Tai Group Companies of Thailand is eyeing the vast market in China's rural areas. Since 1990 it has set up nine enterprises for fodder processing, livestock raising and aquatic production in Jiangsu and Anhui Provinces.

Now its products are selling well in a dozen provinces.

Foreign investment in the areas of the Pearl River delta, southern Fujian Province, the Yangtze River delta and the area around Bohai Bay is increasing rapidly.

In the first half this year about 34,600 foreign-funded projects were approved in these areas, with the foreign investment reaching nearly 50 billion U.S. dollars, an increase of about 100 percent over the same period last year.

Article Views Effects of Economic Slowdown

HK0109005893 Beijing JINGJI CANKAO BAO in
Chinese 20 Aug 93 p 1

[Article by staff reporter Bao Yueyang (0545 2588 7122): "China's Economic Operation Is Slowing Down"]

[Text] News from the State Statistics Bureau indicates that the country's July industrial production rose by 25.1 percent over the same period last year. Although the figure is not low, it has dropped by 5.1 percentage points compared with the growth in June, putting an end to the industrial growth which has risen every month since the

beginning of this year. This indicates that the high economic growth which started in 1992 is likely to slowdown.

The Bubble Burst Quickly; Production Declined Slowly

This is the first report by the State Statistics Bureau indicating the effects of strengthening macroeconomic regulation and control since it was introduced by the central authorities.

Since its introduction, the measure of strengthening macroeconomic regulation and control has rapidly produced marked effects in real estate, stock, and development zones. Liaoning, Hebei, Shandong, Jiangsu, Zhejiang, Fujian, Guangdong, and Guangxi screened and examined their development zones at and above county level. As a result, the total number of development zones dropped from 1,200 to 200, and the area from 7,500 to 1,600 square km. Real estate at all localities is slack and land prices have suffered a drastic decline. Although the stock market has risen somewhat following the fall sometime ago, it is still far from the April level. Moreover, the prospects are by no means optimistic. This has fully embodied the nature of "bubble economy" of stock and real estate. However, some authoritative figures say that the drop in real estate can only be regarded as a drop in temperature from 40 to 38 or 39 degrees, which is still far from the predetermined target of macroeconomic regulation and control. There is an interesting phenomenon: A number of foreign businessmen and some domestic enterprises with self-raised funds have taken the opportunity to purchase houses, resulting in a small-scale recovery of real estate prices in some localities.

Macroeconomic regulation and control has not yet produced immediate effects on industrial production. The country's June industrial growth reached a record of 30.2 percent. According to a survey conducted by relevant departments of 5,000 industrial enterprises of 12 provinces, during the third quarter, the overall operation of the 5,000 enterprises maintained the growth of the second quarter. However, 75 percent of the enterprises had shortages of working capital and the predicament reached the lowest point in recent years. At the same time, the strain in energy and raw materials further worsened. Improvement in this respect is unlikely in the near future.

State-Owned Economy, the First To Be Affected

During news coverage in an interior province in early August, this reporter discovered that the measure of macroeconomic regulation and control produced marked effects on industrial production from the end of July to early August. A number of state enterprises suddenly sensed the tremendous pressure: Because the strain in working capital reached a critical stage and there were difficulties in recalling loans and obtaining new loans, they had to immediately reduce the scope of production. Some enterprises decided to curtail their production by 50 percent in the latter half of the year.

According to another reporter's impression of the south, the reaction to the tightening policy was not big. The good situation of enterprises there is probably related to enterprise adaptability and capability to raise funds.

This reporter's impression coincides with the statistical figures provided by the State Statistics Bureau. According to the State Statistics Bureau, industrial growth of 26 provinces and autonomous regions dropped in July, of which the most drastic drop was in the central and west regions, while the drop in Guangdong, Hainan, Shanghai, and other coastal areas was limited. Viewed by types of enterprises, the industrial growth of state-owned, collective, and "other economic sectors" (private and three-kinds of foreign-funded enterprises) all dropped somewhat. But growth in the state-owned sector dropped drastically, by 4 percentage points, while that of "other economic sectors" dropped only 1.2 percentage points. As in the tightened economic policy introduced on previous occasions, it seems that the interior and state enterprises are still the first to suffer seriously from the current retrenchment.

Urgent Tasks of Enterprise and Banking Reforms

What is the cause of this phenomenon? One of the reasons is the poor adaptability of China's state enterprises, an essential factor of the country's economy which is not yet invigorated. Although a year has elapsed since the promulgation of the "Regulations for State Enterprises To Effect a Change in Operation Mechanisms" in July of last year, implementation of the regulations is by no means optimistic. First, the slow progress of the government departments in changing their functions have made implementation of the decision-making powers of enterprises very difficult. Second, some enterprises do not have a sense of forging ahead. Before even implementing the regulations in earnest, they say that the regulations cannot resolve their problems. They even apply outdated concepts, old systems, and old methods to look at and use the 14 kinds of powers obtained, believing that delegation of powers already meant a change effected naturally in enterprise mechanisms. Third, a number of state enterprises are heavily in debt and have taxation and social burdens. The large numbers of redundant personnel, heavy burden, a lack of social insurance, and slow progress of all kinds of market have enormously restricted the reform of state enterprises. As the mechanism is not yet changed, it is quite natural that enterprises rely on efficiency of scale for existence when the macroeconomic environment is spacious and they suffer immediately when the macroeconomic environment is tight.

Another reason is that economic operation cannot make use of the market mechanism to exercise indirect control because the market economic system is not yet established. Instead, we can only rely on the indirect regulation and control of the market mechanism, an old method characterized by imposition of uniformity. For example, reform of our financial system is lagging behind and the banks are neither policy banks nor

commercial ones. However, they have the powers of policy banks, as well as their own economic interests. Under such circumstances, it will be very difficult to rationally exercise effective regulation and control over the economy. This reporter had a conversation with the general manager of a large consortium in Shandong. He said that the central authorities have recently asked the banks to screen their loans and urged them to recall the 90 billion yuan invested in real estate. In fact, the 90 billion yuan is "buried" and it will be impossible to recall the capital. What, then, should be done? The only way out is to curtail normal loans. State enterprises highly depend on loans. For this reason, the large and medium-sized state enterprises are the first to be affected in the tightened policy adopted by the banks on enterprises. The general manager said that in the city where he worked, several efficient state enterprises had to suspend their production.

It has become the common understanding of most leaders and experts that problems in the current economy can only be resolved by reform. How should the reform be deepened? There are two urgent tasks: First, accelerate reform of the enterprise property rights system. Introduce the joint-stock system and limited liability companies, and other forms of enterprise organizations must not be slowed down because of the macroeconomic regulation and control. At the same time, it is necessary to seize the opportunity of the tightened policy to implement the enterprise bankruptcy system and boldly cast away the financial burden. Second, while rectifying the financial order, it is necessary to promote financial reform, separate polity-related finance from commercial finance as quickly as possible, and effect a change from a state bank to a commercial one. Based on the gradual development of the financial market, the direct means of macroeconomic regulation and control should be changed to indirect ones.

Zou Jiahua on Fighting Malpractices in Railroad Work

OW0109120993 Beijing XINHUA Domestic Service in Chinese 0949 GMT 28 Aug 93

[By Central People's Radio Network reporter Zhu Xiongchao (6175 7160 3390) and XINHUA reporter Wang Yanrong (3769 1693 2837)]

[Text] Beijing, 28 Aug (XINHUA)—State Council Vice Premier Zou Jiahua spoke yesterday at a work conference on resolutely checking irregularities in railroad wagon allocation and railroad ticket sales and on vigorously pushing forward an in-depth rectification of work style in the nation's railroad system. He said railroad departments must conscientiously implement the CPC Central Committee's important decision on fighting corruption and on rectifying malpractice in various trades and professions. He called on them to make a

breakthrough by putting a stop to the practices of arbitrary increases and unauthorized fee collection, to resolutely check irregularities in railroad wagon allocations and ticket sales, and to make a good start in the struggle against corruption.

Zou Jiahua likened corrupt phenomena, including those unhealthy tendencies in various departments and in various trades and professions, as viruses making inroads into sound party and state institutions. He said that these viruses are undermining our party's prestige, corrupting the masses' thinking, polluting social ethics, and disrupting reform, opening, and economic construction. He called on all levels of leading cadres to earnestly study Comrade Deng Xiaoping's important instructions on rectifying party style, on enhancing the building of a clean government, and on fighting corruption; to study Comrade Jiang Zemin's important speech at the Second Plenary Session of the CPC Central Commission for Discipline Inspection; and to recognize fully the important significance of the anticorruption struggle. He urged railroad departments to treat the anticorruption and railroad work style rectification drive as the implementation of one of the CPC Central Committee's major political tasks, and he called on them to vigorously carry out the task and do an excellent job. Leading organs and cadres, he pointed out, must take the lead in fighting corruption and in building a clean government, as well as in rectifying malpractice in various trades and professions.

Zou Jiahua affirmed the work and initial results that have been carried out and scored by railroad departments some time ago in the area of rectifying railway work style. He expressed the hope that railroad departments would take the lead and set examples in continuously carrying out in-depth efforts to improve railroad work style, fight corruption, and rectify malpractices in various trades and professions.

Zou Jiahua said it is necessary to set priorities in rectifying railway work style and to start from putting a stop to the practice of arbitrary increases and unauthorized fee collections. Fee collection items and rates for both passenger and cargo services must undergo strict examination and approval procedures and be publicized. It is impermissible to exact service charges for services which were previously provided free, to arbitrarily collect fees under various pretexts, and to foist unneeded services on passengers and clients, let alone engage in the illegal allocation of wagons and illegal ticket sales. It is necessary to investigate decisively major and important cases of serious abuses in wagon allocations and ticket sales in violation of party discipline and state laws. When investigating such cases, however, it is necessary to strictly act in line with the state policy and to pay attention to drawing a line between abuses of power and lapses in work resulting from a lack of experiences in the course of carrying out reform and opening measures. In the drive to check unhealthy tendencies, it is also necessary to adopt a reform-minded spirit and do a good job of policy coordination, enhance the work of establishing

systems and formulating laws and regulations, and to streamline enterprise activities. In conclusion, Zou Jiahua pointed out the need to stress the central task of economic construction, to pay equal attention to building both material and spiritual civilizations, and to strive to reach new heights in building the two civilizations while fighting corruption and rectifying malpractice in various trades and professions.

Tax Evasion, Loss Problems Discussed

HK3008090093 Beijing GUANGMING RIBAO in Chinese 15 Aug 93 p 3

[Article by staff reporter Wang Dayong (3076 1129 0516): "Plug Loopholes in State Taxation"]

[Text] China has attained remarkable results in its taxation work during the course of reform, and total taxation revenue in 1992 doubled that of 1986. At the same time, however, problems of tax avoidance and evasions, tax frauds, and the practice of exceeding authority in granting tax reductions and exemptions are worsening with each passing day. The total tax losses uncovered each year alone amount to as much as nearly 10 billion yuan.

Alongside the development of reform and opening up, China's taxation system is undergoing gradual improvement, tax management and collection are being reinforced on a constant basis, propaganda and education on taxation laws are being carried out in an increasingly thorough fashion, and the awareness of taxpayers to pay taxes according to the law has been intensified on a general scale. As a basic means employed by the state to organize financial revenue, accumulate construction funds, and participate in and regulate social distribution, taxation is playing an increasingly important role in the course of building up a new socialist market economic system.

Today, remarkable results have been registered in the collection of industrial and commercial taxes, taxes payable by foreign-invested enterprises and individual businesses, as well as in personal income regulatory taxes. Now, let us take a look at the following figures:

In 1978, the total tax revenue of the entire country only stood at 46.273 billion yuan; yet it soared to 62.317 billion yuan in 1982, and then to 127.772 billion yuan in 1986, representing an increase of over 100 percent in a period of four years. In 1992, the total tax revenue went up to 260.1 billion yuan, another increase of over 100 percent in a period of six years.

Since 1988 the average annual increase in national tax revenue has remained over 10 percent. In 1992 the total tax revenue increased by 11.4 percent over the previous year, while that during the first half of 1993 has already reached 141 billion yuan, registering an increase of 12.4 percent over the same period last year.

Meanwhile, we have also noticed many difficulties and problems currently existing in tax collection and management. Due to imperfect tax laws, it is a common phenomenon that people do not abide by or fail to act in strict accordance with relevant laws. Moreover, peasants generally have a vague awareness to pay taxes according to the law. Tax avoidance and evasion are serious in some localities, and some people even refuse to pay taxes with violence, engage in tax fraud, or overstep power in granting tax reductions and exemptions. All these have resulted in a huge loss of state tax revenue! This reporter has learned from the State Administration of Taxation that the country's general inspection of taxation, finance, and commodity prices in 1985-1991 revealed that the total amount involved in various illegal activities concerning tax collection stood as high as 90.1 billion yuan, while the total tax evasions uncovered in 1992 amounted to 8.174 billion yuan.

The realities of present tax collection and management are really shocking!

The first problem: Complex tax evasion. After China lifted control over the private economy, the country failed to speedily adopt a corresponding tax collection and management system, and many loopholes are still exist in the old one. As a result, many individual businesses try their best to evade taxes in one way or another, such as carrying out business without proper business licenses, arbitrarily opening false invoices, and using illegally printed invoices. In recent years, the practice of tax evasion has tended to spread in various forms, for not only individually run businesses are varying their tactics to avoid taxes, but also state-owned and collective enterprises have begun to think of ways to evade taxes. An individual businessman trading in aquatic products in Shanghai said frankly: "It is hard to earn money these days, and one cannot become rich if he does not try to evade some of the taxes." Every month he only pays taxes on a sales volume of 5,000 yuan, and secretly sends several hundred thousand yuan's worth of aquatic products to different hotels in order to evade several ten thousand yuan in taxes. Some private enterprises in a number of cities recruit one or two physically disabled persons and then declare themselves as "welfare enterprises." In such a way, they have justified reasons to avoid paying taxes. Jiangsu's Suzhou City once conducted a survey among over 2,000 neighborhood welfare factories. Results showed that more than half of these factories were spurious, which embezzled over 10 million yuan of state tax. Once, a group of individual businessmen from northern China went to a coastal city in the south and entered an agreement with a neighborhood residents' committee there. According to the agreement, these people could use the operational venue, invoices and accounts, and business licenses provided by the residents' committee to carry out private business under the disguise of collective operation. Except paying the residents' committee a small contracting fee, these people took away every penny of the profits they earned. Even the residents' committee had no idea how much taxes these people had evaded.

During my visits to some enterprises, this reporter often heard persons in charge complaining that their enterprises could not survive unfair competition nowadays if they failed to think of ways to avoid taxes. Under such circumstances, enterprises are trying to evade taxes in various ways, some by contracting enterprises, by giving false reports on production costs and sales volumes, and other by mailing purchase funds through post offices. The Administration of Taxation of Hejian City, Hebei Province, traced and investigated into a 420,000 yuan remittance that a post office sent out during the latter half of 1992. Results showed that 85 percent of the remittance was related to tax evasion, and 25,000 yuan of taxes were finally retrieved therefrom.

During previous years, the masses were resentful of the way in which some well-known singers, actors, and actresses evaded taxes. After the taxation departments took some measures against such practices, the situation has taken a turn for the better. However, the problem of personal income regulatory tax concerning both the resident and local employees of foreign business companies in China is becoming another noticeable problem. These people generally earn a higher income, yet the country's failure to find ways to control the tax sources has also resulted in huge tax losses.

The second problem: Export tax reimbursement fraud. China adopted the tax reimbursement policy on exported products in 1985 in accordance with usual international practices. Practice has proved that this policy has played an important role in helping to promote China's foreign trade. However, pervasive criminals have also made mischief by using this policy.

On 28 November 1992, a letter of accusation sent by an ordinary taxation cadre in Hubei Province concerning the practices employed by Hubei's Xianning City to defraud the state of export tax refunds aroused the attention of Jin Xin, director of the State Administration of Taxation. He immediately gave a written instruction: Thorough and prompt investigation is required on this case. Through careful investigation in close coordination for over half a month, the State Administration of Taxation and the Hubei Provincial Administration of Taxation finally found out that during the period of August and November 1992, five collective-run enterprises, including Xianning City Hardware and Wire Factory and the Wenzhou Wire and Cable Factory, which were not granted authority to make overseas purchases or produce exported goods, undisguisedly colluded with tax swindlers and created in Xianning City and Shenzhen a total of 277 false invoices to over 40 export enterprises in 16 provinces and cities across the country, involving a total amount of 192 million yuan. Principal leaders of the Xianning city party committee and government convinced the city administration of taxation to issue 45 duty-paid certificates to prove the false invoices opened by the above enterprises. These duty-paid proofs involved a total state tax reimbursement of 37.18 million yuan, of which 12.1889 million

yuan has been claimed by 12 enterprises in nine provinces and cities; meanwhile, the taxation departments and relevant units of Xianning City gained from tax swindlers a total illicit income of 1.03 million yuan in the former of "handling charges."

This is a black hole through which the state taxes are running off!

In collaboration with lawbreakers outside Chinese territory, criminals inside the country tend to bribe and rope in public employees working in some productive enterprises, export agencies, taxation departments, and customs. Colluding with each other, they have defrauded the state of export tax refunds in huge amounts. According to statistics provided by the Supreme People's Procuratorate, during the first half of this year alone the country has cracked three professional tax swindling gangs, carried out investigations into 71 state workers who once participated in the criminal activity of tax fraud, and arrested 29 professional tax swindlers. In addition, procuratorial organs at all levels have also discovered that over 40 enterprises across the country once opened false invoices to tax swindlers, involving a total amount of 3 billion yuan; 30 county-level taxation organs issued duty-paid proofs entailing nearly 2 billion yuan; and swindlers cheated the state out of export tax reimbursements totalling over 100 million yuan.

The third problem: The practice of overstepping authority in granting tax reductions and exemptions. This is an evil claw stretching into the state treasury—During the course of reform and opening up, many localities vie with each other in granting preferential policies, and they often exceed their authority in granting tax reductions and exemptions. A small number of localities even tried their best to avail themselves of loopholes in the existing system, advocating so-called relief and patronage reductions and exemptions. Some of them engaged in fraud and overstepped their authority in granting tax reductions and exemptions. A textile factory in northwestern China has been plagued by operational losses for over 10 consecutive years as a result of improper management, backward techniques, and sluggish sales of unmarketable products. However, local taxation departments have always provided the factory with tax reductions and exemptions, while the factory transfers the several ten thousand yuan of tax reductions into its consumption foundation and uses the money to pay out bonuses to its employees.

Take a township-run enterprise in northern China. Originally, this enterprise was not covered by the state policy on tax reduction and exemption, and the head of the township taxation administration had no authority to grant any tax reduction and exemption either. However, after the township magistrate came out and "pleaded for mercy" for the enterprises, taxes totalling 300,000 yuan payable by the enterprise were written off at one stroke.

Enterprises run by schools can enjoy preferential treatment of tax exemption, can they not? In view of this, large numbers of enterprises begin to approach schools in order to avoid paying taxes. In a southern coastal city, as many as over 100 township and town enterprises are linked up with one single primary school at the same time. When taxation personnel got to know the actual situation and urged the enterprises to pay taxes, these township and town enterprises were impervious to reason, claiming that they had paid taxes to the school. Some even threatened the taxation personnel with violence. On the other hand, the school also tried its best to intercede with the taxation departments for the enterprises. The taxation personnel, who could do nothing under such circumstances, said with a sigh: The school has received its money, and the enterprises evaded taxes—the collectives are fattened on the losses of the state.

China's total amount of tax reduction and exemption permitted by the policy stands as high as 30-40 billion yuan each year, of which a considerable amount should not have been reduced or exempted!

Ours is such a big country, yet with an irrational financial and taxation system and backward means of tax collection, taxes are running off almost everywhere....

Can we find, after all, a more effective way to prevent and reduce tax losses? The answer is positive. Jin Xin, director of the State Administration of Taxation, indicated that we should do two types of work simultaneously, attaching equal importance to financial rectification and reform. He called for efforts to publicize knowledge on tax laws, carry out extensive and thoroughgoing propaganda and education, help taxpayers enhance their awareness and consciousness to pay taxes according to the law, and cultivate a sound practice in the entire society, by which paying tax is praiseworthy while evading tax is shameful. During the present period and the period to come, taxation departments at all levels are required to focus their attention on tax collections in four fields, namely, taxes payable by individual businesses, tax reimbursement on exported products, taxes payable by foreign-invested enterprises, and the personal income regulatory tax. To individual businesses, we need to set up special accounts and corresponding tax-paying systems and strive to let not a single individual business escape the tax web. In foreign-invested enterprises, efforts will be concentrated on fighting against various tax evasion activities, including transferring profits, reporting spurious losses, and concealing real profits. In collecting the personal income regulatory tax, we need to focus our efforts on improving the tax declaration system, further perfect the method of withholding taxes, stop all loopholes, and reduce the tax losses to a minimum.

To counter the present situation under which tax swindlers are carrying out their swindling activities mostly in Shenzhen, the Supreme People's Procuratorate and the State Administration of Taxation jointly set up an

"Office for Cracking Down on Export Tax Reimbursement Fraud" in Shenzhen not long ago. Starting this year, the State Administration of Taxation will also put into effect the system of "two bills and two receipts" (special tax bill, purchase invoice, export customs declaration, and verification on receipt of foreign exchange) in collecting taxes on exported products. In addition, a computerized management network will be gradually introduced on the tax collection, export, settlement of exchange, verification, and reimbursement of exported products. Meanwhile, the State Administration of Taxation has also set up an office to handle tax reductions and exemptions which were granted by people overstepping their authority. With a view to strengthen macro-economic control and regulation on tax collection and ensure a successful fulfillment of this year's tax collection tasks, several work groups have been sent to various localities recently to help rectify such unstandardized tax reductions and exemptions and put an end to activities of contracting turnover tax and arbitrarily providing preferential tax treatment.

Article Examines Financial, Taxation Reform

HK3108083593 Beijing RENMIN RIBAO in Chinese
20 Aug 93 p 1

[Article by staff reporter Li Jianxing (2621 1696 5281): "Analyzing Financial Difficulties—Commenting on Financial and Taxation Reform (Part One)"]

[Text] Aggravating Financial Difficulties

While sound momentum was maintained in China's economic growth in the first six months, some contradictions and problems also surfaced, which have found direct or indirect expression in the finance, aggravating the state's financial difficulties.

The national financial revenue was 164.554 billion yuan in the first six months of the year, fulfilling 38.7 percent of the annual budget, up by 2.96 billion yuan, and 1.4 percent over the same period last year; national financial expenditure was 161.897 billion yuan, fulfilling 36.3 percent of the annual plan, up by 17.072 billion yuan and 12.5 percent over the same period last year. There was a favorable balance of 2.657 billion yuan between revenue and expenditure; however, the surplus was cut back by 15.676 billion yuan over the same period last year. Central finances suffered the most from financial difficulties.

A deficit may best illustrate the financial conditions of a country. By the end of 1992, China's financial hard deficit [ying chi zi 4289 6379 1316, note: deficit derived from financial revenues, including income from debts, minus expenditures] had been some 130 billion yuan in accumulation, and its soft deficit [ruan chi zi 6516 6379 1316, note: deficits derived from financial revenues, excluding income from debts, minus expenditure] was some 400 billion yuan.

What about the conditions of local finances? Many localities have difficulties in their financial expenditures, and many counties could not insure normal payment of wages.

Causes for Financial Difficulties

Serious loss in tax revenues. Some places have arbitrarily started tax reductions or exemptions for certain departments; other places have contracted circulation taxes that must not be contracted; in addition, some enterprises have been deliberately in arrears with tax payments. Crimes in tax evasion, fraud and resistance in tax payment have been serious. In the first five months this year, the Supreme Peoples' Procuratorate accepted and heard 3,899 cases in this category, with 2,252 cases filed for investigation, and a sum of 35.05 million yuan of additional taxes was recovered.

Sharp drop in income of major items of revenue. An income of 30 billion yuan derived from the sales of national treasury bonds was made in the budgetary arrangements early this year; however, the sum fulfilled by the end of May was only 2 billion yuan. That greatly affected the budget's implementation. In the first five months of this year, the volume of product tax fell by 2.258 billion yuan over the same period last year. Income derived from the funds collection for key construction projects including energy resources, communications, and transportation, and income derived from the state budgetary regulation fund fell by 3.661 billion yuan. Between January and June this year, profits retained by state-owned industrial enterprises inside the budget increased by 1.3 times over the same period last year; however, state revenue from "profits and taxes" from enterprises in this category dropped by 34.8 percent over the same period last year.

Drastic growth in expenditure, and loss of control over institutional purchases. In the first six months of the year, administrative expenditures across China went up by 27.1 percent over the same period last year. By the end of May, expenditures on institutional purchases of units at and above county levels increased by 25.8 percent over the same period last year, of which, the sum for car purchases under examination for approval increased by 1.36 times and 14.5 billion yuan over the same period last year, and the sum involved in purchases of cellular phones and beepers under examination for approval increased by 1.59 times. Most counties in a province were in arrears of wage payment; nevertheless, the expenditure for car purchases in administrative spending increased by 57.5 percent over the same period last year. Old cadres of a county in that province failed to get their medical expenditures reimbursed, but the county government had spent 2.4 million yuan in erecting a building, and 1 million yuan in purchasing three cars.

Comparatively grave loss of state-owned assets. For example, outstanding enterprise accounts and concealed deficits, and wage increases of state-owned enterprises

exceeding the growth in economic returns. Since last year, some localities, departments and enterprises have been impatient in attracting foreign funds; in running joint-ventures with Chinese and foreign investment, they did not assess the Chinese side's assets according to rules and regulations or failed to set up the joint-venture based on the assessed value. Of the 8,500 state-owned enterprises that became joint-ventures with Chinese and foreign investment across China in 1992, some 5,000 had not conducted value assessment, but set up the joint-ventures based on the original book value.

Of course, causes at a deeper tier for financial difficulties such as structural problems have all along been pulling financial development backward for years. Not long ago, the Central Committee focused on the problems in economic development and adopted a series of measures for augmenting macroeconomic regulation and control in the spirit of reform; now initial effects are making themselves felt, which find expression in the basic fulfillment of recovering state revenue from treasury bonds, and the fact that all localities had started to weed out all sorts of unreasonable preferential policies for taxation.

The Basic Way Out Lies in Reform

The solution to the financial difficulties lies in reform of the existing financial structure. Its target is to build a financial operating mechanism compatible with the socialist market economic structure as quickly as possible. Presently, the focus of reform should be placed on building a tax-sharing financial structure so that interest distribution relations between the central and local governments may be ironed out, earnestly implementing the new accounting system effective last July, and implementing the "General Principle for Enterprises' Finance" and the "Criteria for Enterprise Accounting" in a down-to-earth way to standardized distribution relations between the state and enterprises.

China conducted experiment in the reform of the tax-sharing system in nine areas across China. Viewing the conditions of the experiment, the acceleration of this reform has become an inevitable choice.

The guiding idea of reform in the tax-sharing system is to promote rational growth in financial revenue through reform of the tax-sharing system, to gradually raise the "two proportions," complete, perfect, and magnify the function of finance, especially the ability of central finance bodies to conduct macroeconomic regulation and control. Arbitrariness in financial distribution between governments should be done away with, and work in this aspect should be institutionalized and standardized to achieve fairness and reasonableness to give play to the enthusiasm of the central and local governments in economic development, increasing revenue and practicing economy in spending, which is conducive to the rational allocation of resources and the formation of a rational industrial setup while improving efficiency in the employment of financial funds.

Corresponding to building tax-sharing financial structure is converting financial functions, changing the irrational situation in financial expenditures.

China's financial functions took shape under the old traditional planned economic structure, and was basically compatible with political and economic requirements at that time. In the dozen or so of years of reform and opening up, several readjustments were made in the financial function based on the market-oriented principle. However, such financial functions are obviously not so compatible with the requirements of building the socialist market economic structure. Here there are problems of excessive and too specific control over microeconomic activities and some affairs as well as problems in macrocontrol, which should be augmented.

The focus of converting financial function should be place on four aspects: First, based on the requirement of separation the functions of the government and the enterprise, it is necessary to scientifically divide the social administrative function of finance and the function of the owner of state-owned assets. Second, it is necessary to gradually release finance from routine affairs in microcontrol while magnifying financial functions of macrocontrol. Third, a trio of financial, taxation supervision, and social and auditing supervision over economic activities should be gradually shaped. And fourth, it is necessary to study building of a system of investment and funds accommodation for implementing state policies specifically to insure comparatively steady sources of funds for national basic industry and building infrastructure.

To realize the aforesaid conversion, macrocontrol and macroeconomic regulation and control will become major financial functions, mainly including: ensuring the demand in funds in government organization's operation and expenditures for various public undertakings; ensuring input into basic industry and key projects and supporting development of "bottleneck" industries; achieving fair social distribution and regulating income distribution levels between trades, regions and individuals; applying financial and taxation policies and economic lever to readjust the industrial setup, promoting the optimal allocation of production essential and improvement of economic effects; through harmonious utilization of financial and monetary policies, regulating the general volume of social supply and demand to maintain a basic balance.

According to China's experiences of reform and opening over the past dozen or so years, financial restructuring cannot advance alone, but calls for wide-ranging reforms in taxation systems and financial and investment restructuring.

Campaign Mounted To Promote Public Awareness of Quality

HK0109063893 Beijing CHINA DAILY in English 1 Sep 93 p 3

[By staff reporter: "China's New Watchword Is 'Quality'"]

[Text] A month-long campaign to promote public awareness of quality is set for September as a bid to help implement the product quality law that went into effect today.

Theme of the nationwide campaign is to "greet the restoration of China's membership in the General Agreement on Tariffs and Trade with quality products and service."

Industrial enterprises are one of the major concerns of the quality promotion campaign, said a quality official at a news briefing held yesterday in Beijing.

The official said that managers and workers of industrial enterprises throughout the country are being asked to make a thorough check of their quality awareness, the quality of their products and services and follow-up on customer suggested improvements or complaints.

Individual Leasing of Some State Firms Increasing

OW0109084393 Beijing XINHUA in English 0648 GMT 1 Sep 93

[Text] Hefei, September 1 (XINHUA)—China is accelerating the reform with its medium-sized and small industrial enterprises by leasing them to individuals for management.

China has more than 400,000 state-owned industrial enterprises, of which 97.1 percent are medium-sized and small ones. Their industrial output value accounts for 70 percent of the country's total and the number of their employees takes up 80 percent of the country's total.

In Tongling, one of the cities in Anhui Province to try out a comprehensive reform, 20 debt-ridden enterprises have improved their economic performance since last August when they were leased to individuals.

A survey shows that the productivity of these enterprises has risen by 50 percent and some have even made up deficits and gone into profit.

Wang Shengbang, mayor of the city, said, "the purpose of leasing a state enterprise for individual management is—while keeping public ownership—to improve their operations and make them more profitable as privately-owned enterprises do."

Si Quin, who took the lease of the Tongling Jinxing Silk Mill, said: "The reform has increased the risk which leaseholders have to take, because we have to pay five percent to 15 percent of the total charge for leasing and

up to ten percent of the risk fund in advance." He added: "But our autonomy in management has been expanded. Except for the right to dispose of the enterprise's property, we enjoy full autonomy in management, particularly in the choice of employees, establishment of management offices and wage distribution."

According to Si, the Jinxing Silk Mill has 340 employees with only 16 managerial personnel and carries out a piece-work payment system.

As a result, the mill has overcome deficits and made profits. It generated about one million yuan in profits and tax payment over the past year since it was leased to Si's individual management.

Fang Junwen, vice-chairman of the Anhui Provincial Commission for Restructuring the Economy, said, "to lease state enterprises to individual management has separated an enterprise's ownership from its management. This is a good way to help enterprises to get rid of debts."

At present, Beijing, Shanghai, Tianjin as well as Jiangsu, Hubei, Guangdong and Fujian Provinces are carrying out such reform measures and have obtained ideal economic efficiency.

One example is the Hongqiao Garment Mill in Wuhan, capital of central China's Hubei Province, which had a deficit of 1.7 million yuan by the end of last year and was unable to pay its employees for four months.

Since Han Xianjun, a private business owner, took the lease, the mill covered the deficit within six months this year. Now its products sell well in major department stores and the employees' wages average more than 300 yuan per person a month.

Nanjing, capital of east China's Jiangsu Province, has leased out 35 percent of its small state shops with sales volume of less than two million yuan.

So far, 80 percent of them are profitable and the tax and profits delivered by them were eight times as much as before the reform.

Tian Qing, an official of the Tongling Committee for Restructuring the Economy, acknowledged that some problems have inevitably emerged in the process of the reform and the government is studying and solving them to safeguard the reform.

Economists here predict that the reform will be expanded across the country.

More Jobless Qualify for Unemployment Benefits

HK0109063693 Beijing CHINA DAILY in English 1
Sep 93 p 3

[By staff reporter Xiao Li: "Urban Jobless Turn to State Aid"]

[Text] More than 650,000 urban employees who lost their jobs during the first six months of the year had access to unemployment insurance benefits, the Ministry of Labour said in a latest report.

Total funds distributed to the jobless people hit 108 million yuan (\$18.95 million) during this period.

China issued about 130 million yuan (\$22.8 million) of unemployment insurance during the 1987-1992 period.

The Ministry of Labour, in a recent circular, is demanding that localities augment their jobless benefits coverage in order to support the reform requiring State businesses to trim their excess staff.

The ultimate goal is to extend unemployment insurance to include all urban employees who lose their jobs, regardless of whether they work for State-owned, collectively-run, foreign-funded or private businesses, said an official with the ministry.

China published its first unemployment protection regulations of State-owned enterprise workers on April 12.

Now, six kinds of involuntary layoffs from State-owned businesses are eligible for protection including employees from bankrupt firms, merged firms and restructured firms.

The regulation increased the number of jobless people who qualify for unemployment benefits from 100,000 in 1990 to more than 650,000 during the first half of the year, the official said.

Each unemployed person could receive a monthly payment of 70 to 80 yuan (about \$14) from the unemployment fund. This is enough to cover the minimum daily living expenses, officials said.

China at present has about 3.6 million urban people who are jobless. Its urban unemployment rate is estimated at about 2.3 per cent.

The official said that China is facing growing difficulty in employing the large number of farmers who are flocking to cities in search of jobs.

All-Round Scheme

The ministry said that some local governments also are gearing up efforts to bring employees of other businesses—including collective businesses, foreign-invested and private businesses—under a universal unemployment protection umbrella.

Shandong, Hubei, Zhejiang, Fujian, Anhui, Hainan provinces and Shanghai and Tianjin municipalities already have endorsed "all-round" jobless insurance to cover workers in non-State-owned firms.

Henan, Hebei, Sichuan, Yunnan and Beijing also plan to expand the benefits to non-State sectors, the labour ministry said.

The ministry circular said that a comprehensive unemployment insurance system that includes re-employment training will be established in China.

More than 170,000 people who lost their jobs in the first half of this year have been re-employed, thanks to the government's intensive training programme.

China began developing its unemployment security system in 1986. Now, there are 2,100 insurance organs for the jobless at different levels, and about a million unemployed workers in State-owned enterprises have benefited from the system ever since.

The funds usually come from two sources: government appropriations and corporate contributions. Last year, the State provided a record 90 million yuan (\$15.7 million) for the purpose.

The Ministry of Labour also demands that local governments set up more labour service departments including job introduction agencies, job training centres and "labour service enterprises."

Baoshan Complex To Begin New Project 'Soon'

*HK0109013093 Hong Kong WEN WEI PO in Chinese
27 Aug 93 p 6*

["Special dispatch" from Shanghai by staff reporter: "Baoshan Iron and Steel Complex's Third Phase of Major Project Is To Start Soon, Comprising Facilities With the World's Most Advanced Technology"]

[Text] Shanghai, 26 Aug (WEN WEI PO)—According to the "Reply of the State Council" transmitted by the State Planning Commission a few days ago, the State Council has in principle agreed to the "Report on the Feasibility

Study of the Third-Phase Project of the Baoshan Iron and Steel Complex." This marks the entrance into a stage of activating the said construction project on full scale.

The third-phase project of the Baoshan Iron and Steel Complex covers a complete set of large-scale serial metallurgical projects comprising a 4,300-cubic-meter blasting furnace, a 450-square-meter sintering mill, four 50-hole coking ovens, two 250-tonne top- and base-blown converters, two 1,350 m/m [as published] consecutive slab casting mills, a set of continuous hot-rolling mills, and three sets of continuous cold-rolling mills. The world's latest technology has been applied to these equipments.

The overall design of the Baoshan Iron and Steel Complex's third-phase project was made by China itself. Except for the import of principal equipment, materials, and technology, most of the equipment is manufactured by China alone, or jointly by China and foreign countries. The capital construction is principally contracted by units including the Fifth, 13th, 20th, Baoshan, and other metallurgical plants which participated in the first- and second-phase construction projects.

According to the overall design, the third-phase project of the Baoshan Iron and Steel Complex will be completed incrementally beginning 1996, and the entire project will be basically finished by 1998 and put into full-scale production scale by 1999. By that time, the Baoshan Iron and Steel Complex will have a capacity of producing 10 million tonnes of steel a year.

At present, the project command post of the Baoshan Iron and Steel Complex has assembled a construction contingent of 50,000 workers, over 10,000 mu of land has been taken over for use, and the removal and placement work for over 4,200 peasants is in full swing.

East Region

Shandong Secretary on Economic Growth, Party Building

SK0109102393 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 31 Aug 93

[Text] Jiang Chunyun, secretary of the provincial party committee and concurrently principal of the party school under the provincial party committee, delivered a speech at the opening ceremony for the 1993 autumn class. He pointed out in his speech: Upgrading the capability of having the socialist market economy well in hand represents an important historic task undertaken by the entire party.

Jiang Chunyun said: Developing the socialist market economy has set forth new and higher demands for the work of party building. A good job should be done at present in emphatically handling the following issues:

1. We should correctly discern the double influence exerted by the market economy on party building. We should not only justly and forcefully develop the socialist market economy and unswervingly emancipate and develop productive forces, but also uphold the principles of party spirit by taking a clear-cut stand and the correct political direction as well as carry forward the party's fine work style.
2. We should correctly deal with the relation between the principle of conducting exchanges with equal value and the principles of proletarian party spirit. We should achieve in having the principles of party spirit ensure and promote the smooth and healthy development of the socialist market economy as well as resist the problems cropping up in the market economy.
3. We should unswervingly oppose to corruption and maintain the close ties between the party and the masses.
4. We should earnestly implement the party's principle of democratic centralism, enhance the concept of whole situation, strictly enforce the party's discipline, and ensure the high-level unity in the organizations and action of the entire party.

Jiang Chunyun pointed out: What is most important for us to enhance the party building under the new situation is to enhance the construction of leading bodies at all levels. An important aspect in building leading bodies is to vigorously upgrade the capability of leadership over the socialist market economy. Judging from the current situation in the province's cadres' contingent, the capability of leadership in conducting the economic work is not strong enough and that constitutes a prominent problem. Therefore, leading cadres at all levels should firmly and successfully grasp the big event of upgrading the capability of having the socialist market economy well in hand. It is imperative to open up the field of vision and to make a correct decision in a timely manner by displaying the courage and insight of developing

modern large-scale production and by accurately aiming at developing large-scale markets. We should be good at keeping the whole situation in minds and master the way of readjusting and controlling markets with economic and legal methods. Efforts should be made to bring into full play the role of laws in guiding, standardizing, directing, and restricting the development of socialist market economy. We should persistently uphold the principles of grasping material and spiritual civilizations simultaneously and of scoring marked achievements in both of them. In upholding the building of the two civilizations, we should upgrade our capability in this regard. Only by scoring achievements in both of them can we ensure the correct direction of socialism.

In citing the issue of going deep into reality and energetically encouraging the practice of conducting investigations and studies in his speech, Jiang Chunyun stressed: The key to successfully conducting investigations and studies lies on leading cadres who should set themselves a good example in this regard. Investigations and studies must be carried out in line with the problems that should be dealt with urgently. It is imperative to adopt a scientific attitude toward investigations and studies and to display the spirit of seeking truth from facts and the work style of doing things in a down-to-earth manner. Efforts should be made to realistically deal with the current unhealthy tendencies in which so many reports on praising good results, few practice of staying at selected grass-roots units to analyze the typical cases, so many reports on the results of general investigations, few reports on the specific analysis of problems, so many reports on judging the case as it stands, and few reports on seeing what is coming from one small clue and drawing inferences about other cases from one instance. Leading cadres in various localities should enhance their study of theories and uphold the theory of Comrade Deng Xiaoping with regard to building socialism with Chinese characteristics to direct their practice.

Finally Jiang Chunyun stressed: Through study at present, we should continuously and clearly understand the following issues: 1) Establishing perfect market systems and systems for the state to conduct macro readjustment and control are supplementing each other and not mutually exclusive. 2) A fundamental way to deal with the contradictions and problems currently cropping up in the economic life lies in deepening the reform. 3) To achieve sustained, high-speed, and healthy development in the economy, it is imperative to successfully deal with the relation between whole and partial interests.

Attending the opening ceremony for the autumn class were members of the provincial party standing committee, including Tan Fude and Li Wenquan, and Vice Governor Chen Jianguo.

Shanghai CPPCC Head: 'Serious Corruption' in Party

OW3108131793 Beijing XINHUA in English 1036
GMT 31 Aug 93

[Text] Shanghai, August 31 (XINHUA)—Chen Tiedi, chairwoman of the Shanghai Municipal Committee of

the Chinese People's Political Consultative Conference (CPPCC), said here recently that the CPPCC organizations in Shanghai will play a supervisory role in the current anti-corruption drive.

The newly-elected chairwoman said that Shanghai is taking effective measures to wage the anti-corruption campaign and it is expected that the campaign will achieve positive results.

Chen, the former deputy secretary of Shanghai Municipal Committee of the Chinese Communist Party (CPC), said that the Shanghai party organization with more than 10 million party members is basically good.

But, she said, there is also serious corruption in the party organizations.

The chairwoman said that Shanghai Municipal Committee of the CPPCC will mobilize its members to make investigations so as to provide first-hand information for Shanghai CPC Municipal Committee and municipal government.

She added that her committee will also uphold upright working styles to resist corruptive tendencies.

Shanghai Municipal CPPCC Committee will cooperate with news media to give wide publicity to the anti-corruption drive and promote democratic supervision and the process of legislation.

Zhejiang's Ningbo Develops Food Processing Sector

OW3108130593 Beijing XINHUA in English 1202 GMT 31 Aug 93

[Text] Hangzhou, August 31 (XINHUA)—Ningbo, a thriving city in East China's Zhejiang Province, has quickened its steps of promoting modern agriculture.

By the end of July this year, the city had set up more than 120 jointly funded enterprises in its agricultural sector, involving more than 100 million U.S. dollars in investment.

In 1992, the city's agricultural product exports totalled more than 1.1 billion yuan, about a quarter of its total agricultural output value.

Ningbo is one of the 14 key coastal open cities approved by the state council.

Over the past few years, local authorities have been stepping up efforts to introduce overseas funds into its agricultural sector.

In 1992, farmers of Donghu town set up a pickled vegetable corporation with investments from Taiwan. They set up a rutabaga planting base, which covered an area of more than 66 ha. Some 70 percent of the products are sold abroad after being processed.

At present there are more than 500 export bases similar to the donghu one in ningbo, covering vegetables, fruit, bamboo shoots and pork.

Local authorities are now considering introducing a computer management network into agricultural management.

In Cixi, two thirds of the townships have established cooperative relationships with schools of higher learning.

In 1992, the city earned 140 million yuan by exporting agricultural products.

North Region

Activities, Remarks of Beijing's Chen Xitong Noted

Attends Party Building Meeting

SK2708141593 Beijing BEIJING RIBAO in Chinese 12 Aug 93 p 1

[By reporters Ji Tao (4764 3447) and Li Botao (2621 3134 3447): "Beijing Holds Meeting of Party and Administrative Leading Cadres of Institutions of Higher Learning"]

[Excerpts] The meeting of party and administrative leading cadres of institutions of higher learning in Beijing ended on 11 August. Chen Xitong, secretary of the municipal party committee; Li Qiyang, mayor of the municipal government; and Zhang Xiaowen, vice minister of the state education commission, made speeches at the meeting. In their speeches, they stressed that the leaders of the institutions of higher learning should conscientiously study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, do a good job in party building in the new times, and achieve the ideological and political work.

In the past three days, party committee secretaries and presidents of more than 70 universities in the capital jointly discussed the issue of strengthening the party building of the institutions of higher learning. Wang Jialiu, Duan Bingren, Hu Shaoguang, and Chen Dabai attended the meeting. [passage omitted]

Chen Xitong extended regards to the party committee secretaries and presidents of the institutions of higher learning who attended the meeting to conscientiously discuss the issue on the party building of institutions of higher learning despite the hot weather and without rest in summer vacation. He stressed: Under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, over the past ten years, our country has made economic development, enhanced the overall national strength, improved the living quality of the people, and produced a greater impact on the international situation. Practice showed that Comrade Deng Xiaoping's theory on building socialism with Chinese

characteristics conforms to China's actual conditions and liberates and develops productive forces. Only when the leaders of institutions of higher learning conscientiously study and deeply understand the theory will they be able to achieve the party building and the ideological and political work of institutions of higher learning. He said: Now, the new system has not been perfect yet in the course of shifting the planned economy to the market one. We set up and perfect various systems by persistently taking the public ownership as the main body and in line with the principle of distribution according to work. The new system will be working more smoothly if we strengthen the management. We should further mobilize the enthusiasm of the masses to better develop the economy and various undertakings. Leaders of institutions of higher learning should see both the positive influence and the negative influence emerging in the course of shifting the planned economy to the market one, clearly explain the reasons, and achieve the ideological and political work.

Chen Xitong pointed out: To achieve the work of institutions of higher learning, we must strengthen party building. First of all, we should strengthen the building of leading bodies. The party organizations of institutions of higher learning should be powerful fighting forces. We should exert efforts to conduct investigations and study ways for strengthening the building of political workers contingents. The municipal party committee will support this. When the political workers contingents have been strengthened, the party committees will gain forces. In short, we should emancipate the mind, be determined to strengthen the building of political workers contingents, and exert greatest efforts to achieve the party building and the building of the political workers contingents at the institutions of higher learning in the next few years.

Chen Xitong and Li Qiyan also introduced to the meeting participants Beijing's situation in organizing the Seventh National Sports Meet and applying for the organization of the 2000 Olympic Games, fully affirmed the outstanding performances made by the university students in the capital in the Asian Games and their great enthusiasm for applying for the organization of the 2000 Olympic Games, and urged the leaders of the institutions of higher learning to further achieve their work in the course of organizing the Seventh National Sports Meet and applying for the organization of the 2000 Olympic Games.

Speaks at Security Report Meeting

SK0109101593 Beijing BEIJING RIBAO in Chinese 21 Aug 93 p 1

[By correspondent Qiu Hongbo (6726 3163 3134): "Draw Lessons From the Fire Accident at Longfu Building and Grasp Security Inspection Through to the End"]

[Excerpts] Yesterday, the municipal party committee and the municipal government held a meeting to report on the security general inspection results. Chen Xitong, secretary of the municipal party committee, stressed: It is necessary to draw lessons from the fire accident at Longfu Building, mend the fold after a sheep is lost, and turn the bad things into good ones. Security general inspection should be carried out in several campaigns. It is necessary to grasp this work through to the end and to turn it into a regular practice.

After the outbreak of the fire accident at Longfu Building, Chen Xitong, secretary of the municipal party committee, and Mayor Li Qiyan promptly held a meeting to urge all departments to conduct a security general inspection. During the past few days, leaders of the municipal party committee and the municipal government respectively carried out security check-ups and all departments generally inspected their security work. [passage omitted]

Chen Xitong gave a speech in which he said: Since liberation, Beijing has experienced several serious fire accidents and now the people have all forgotten about it. After the outbreak of a serious fire accident in Shenzhen, we called on all departments to draw inferences about other cases from one instance and to conscientiously grasp security work. But most of them failed to really take action. If they conscientiously drew lessons from Shenzhen and paid attention to the repeated criticisms and warnings of the fire department, the fire accident at Longfu Building would be avoided. This serious fire accident has shocked the whole municipality and affected the whole country. It will be extremely bureaucratic and ideologically numb if we still fail to grasp this work conscientiously. It is not "too late to mend the fold even after some of the sheep have been lost." If we fail to draw lessons from it, we will suffer even greater losses. We must turn the bad things into good ones, check the hidden perils, block up the loopholes, establish and perfect rules, regulations and the responsibility system, and implement the fire prevention and safety measures. It is really distressing to see the serious fire accident at Longfu Building. Masses from various circles have showed great concern for it and some citizens and overseas friends have sent letters to present their views vehemently and to offer ideas and plans. It will be irresponsible to the people and absolutely bureaucratic if we still fail to make up for the losses and to change our work style.

Chen Xitong pointed out: It is imperative to conduct a municipality-wide security general inspection. At present, all sectors have begun to pay attention to it. During this inspection, we have discovered many hidden perils and loopholes and a batch of problems, checked the slacking of vigilance, and adopted many measures for solving problems. This move is absolutely correct. However, problems cannot be all solved at one time. We must solve them through several campaigns, grasp the work through to the end, and must not stop half-way. We must regularize the security work, assign full-time personnel to

take charge of it, train a security contingent, perfect rules, regulations and systems, improve facilities, implement the system of responsibility, make arrangements for the inspections, give praises and criticisms, and realistically solve problems. The top leaders should assume main responsibility and the responsible leaders should take direct responsibility.

He said: In fire prevention and security work, the whole municipality should take action, all units should conduct inspections, and the central units stationed in Beijing should also generally conduct security inspections without exception.

Chen Xitong said: Security work does not only imply to fire prevention. We should take advantage of the momentum formed during fire prevention inspection and the people's sense of security defense to expand prevention work. At present, the public security and communications management bureau and leaders of some districts and counties have taken to the streets to maintain traffic order. The municipal leaders should also follow suit. Party and government leaders at all levels must be responsible to the people and realistically safeguard the safety of the people's lives and property. During the seventh national games, it is more necessary to attach prime importance to security.

The report meeting was presided over by Executive Vice Mayor Wang Baosen. Wang Tong, Ouyang Wenan, Duan Bingren, Qiang Wei, Lu Yucheng, He Luli, Li Runwu, Hu Zhaoguang, Meng Xuenong, Su Zhongxiang, Wang Zhaoyue, Fan Yuanmou and Du Shenwei attended the meeting.

Hebei Holds Forum on County-Level Reform

SK2908070893 Shijiazhuang HEBEI RIBAO in Chinese 13 Aug 93 p 1

[By Zhang Yunjie (1728 0061 2638): "Hebei Holds Forum on Overall County-Level Reform and Rural Work"]

[Text] The five-day provincial forum on overall county-level reform and rural work ended in Tangshan on 12 August. At the forum, the participants visited and inspected Fengnan County and Kaiping District of Sanhe city and Tangshan city, extensively exchanged the experiences in the county-level reform gained over the past year, thoroughly explored the problems relating to current rural work, and reached common understanding about the issue of speeding up the development of the rural county-level economy in the province.

Li Bingliang, deputy secretary of the provincial party committee, made a summing-up speech at the forum. He stressed that we should resolutely implement the policy decisions of the central authorities on strengthening macroeconomic regulation and control and further unify understanding about the situation. He said that to positively and comprehensively understand the policy decisions of the central authorities, we must approach them

from the standpoint of the overall situation to analyze the problems. Only when we understand the overall situation will we be able to clearly understand the situation. So long as we put the part of our own into the whole will we be able to analyze local economic problems. We should pursue truth from facts to solve existing problems. To make development in macroeconomic regulation and control, we should pay attention to and handle the ratio between the development of agriculture and industry so as to promote the development of both agriculture and industry.

Li Bingliang said: We should strive to speed up the pace of developing the county-level economy. To build an economically powerful province, we must bring up a large number of economically powerful counties. We should firmly attend to the link of optimizing the industrial structure and develop the secondary and tertiary industries on the basis of steadily developing the primary industry. We should pay particular attention to developing the agricultural areas that are dominated by advantageous products and become increasingly more specialized day by day, pay close attention to the role of science and technology in optimizing the industrial structure, and firmly developing such infrastructural facilities as water conservancy projects.

Li Bingliang said: We should further expand the extent of the overall county-level reform. The most important target for the overall county-level reform in the foreseeable future is to speed up the development of the agricultural market economy. We should exert efforts to speed up the reform of the farm product circulation system and the setting up of the market system. One of the priorities of the current overall county-level reform is to balance the relationship of property rights and to make enterprises and managers really become the main market bodies of coordinating property rights with management and profits. In conducting the county-level organizational reform, we should firmly grasp the nucleus of changing functions to suit the development of the market economy and to speed up the pace of reform.

In regard to the issue of implementing the party's policies toward rural areas, Li Bingliang especially stressed that we should thoroughly clear up and consolidate the work of reducing the peasants' burdens. Autumn arrives now. A lot of work relating to the personal interests of the peasants, such as purchasing farm and sideline products, distributing agricultural-aid materials, and collecting accumulation funds from the peasants in a unified way, will be carried out together. So, it is time to implement a series of preferential policies for peasants. Therefore, all localities should make earlier preparations for the agricultural-aid materials to ensure the needs of autumn harvests and wheat planting. We should first ensure thloion of funds for purchases of farm and sideline products and guarantee that no IOU notes are given out this year. By the end of this year, the provincial departments concerned and all cities and prefectures

should examine the implementation of the preferential policies for peasants and also report to the provincial party committee.

Li Bingliang stressed: The leaders at various levels should strengthen research and study, carefully listen to the voices of the peasants, and conscientiously analyze and timely solve problems. Strengthening study and enhancing the ability in controlling the markets is the key to achieving rural work.

Gu Erxiong, vice governor of the provincial government; and Zhang Runshen, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference, made good suggestions on the strategic issues relating to the province's agricultural development.

Present at the forum were responsible comrades of various cities and prefectures, the counties carrying out the overall reform on a trial basis, and the provincial-level departments and commissions concerned.

Hebei Customs Cracks Down on Automobile Smugglers

SK2808095393 Shijiazhuang HEBEI RIBAO in Chinese 16 Aug 93 p 1

[By reporter Wang Yulu (3769 5940 6922): Qinhuangdao Customhouse Deals Firm Blows to Vehicle Smugglers"]

[Text] Together with the public security department and the industrial and commercial department, the Qinhuangdao customhouse adopted the methods of "arresting smugglers on the sea, stopping up smugglers on the bank, conducting inland investigations, and strengthening market management" to strike firm blows to the criminal activities of smuggling vehicles. Over the past 45 days since late June, Qinhuangdao customhouse has investigated and withheld 57 smuggled vehicles.

Over the past one or two years, along with the further opening of the country to the outside world and the enlivening of the economy, some office, enterprise, and institution cadres have begun seeking luxury and comfort. Thus, a trend of competing with one another has emerged. To pander to this trend, the smugglers adopted various means and channels to smuggle vehicles into the province. Some used freighters to transport the vehicles and braved the customhouses to smuggle them into the country; some purchased vehicles from Guangdong, Fujian, and Hainan without "certificates of transportation" or with forged "certificates of transportation;" and some disassembled the vehicles that had been imported through smuggling and reassembled them after the parts were transported to the province. Involved in these cases were a small number of government organs, law enforcement departments, and companies subordinate to Army units.

Inner Mongolia Reports Personnel Reshuffles

SK2708142293 Hohhot NEIMENGGU RIBAO in Chinese 13 Aug p 2

[Text] Recently, the Inner Mongolia Regional Government decided to appoint and remove a group of working personnel at state organs and Rnstitutions of higher learning.

The decision on appointments reads as follows:

Li Deliang [2621 1795 0081] is appointed as deputy director of the Inner Mongolia Autonomous Regional Metallurgical Industrial Department; Wang Fu [3769 6384], director of the regional price bureau; Zheng Huanru [6774 3562 1172], chairman of the regional economic restructuring committee; Xu Rigan [2485 2480 1626], president of Neimenggu University; Xu Bainian [1776 2672 1628], vice president of Neimenggu University; Yun Gongmin [0061 0361 3046], head of the Ih Ju League Administrative Office; and Huangalateng-bielige [7806 7093 2139 7506 0446 4539 2706], head of the Alxa League Administrative Office.

The decision on removals reads as follows:

Sun Yuzhen is removed from the post as president of Neimenggu University; Feng Wanchun, director of the regional price bureau; Wang Jixin, deputy director of the regional labor personnel department; Surongzhabu, vice chairman of the regional nationalities affairs commission; Liu Guangli, deputy director of the regional public health department; Niu Yuru, chairman of the general office of the regional government; Wang Peizhong, deputy director of the regional petrochemical industrial department; Ren Tie, chairman of the regional economic restructuring committee; Yang Dezhi, deputy head of the Xilin Gol League Administrative Office; Hu Zhian, head of the Ih Ju League Administrative Office; and Wang Shangluo, head of the Alxa League Administrative Office.

Tianjin Secretary Meets Women's Congress Delegates

SK0109102293 Tianjin People's Radio in Mandarin 2300 GMT 30 Aug 93

[Text] On the morning of 30 August, Gao Dezhan, secretary of the municipal party committee, cordially met with municipal delegates to the forthcoming seventh national women's congress at the municipal Women's Federation.

Gao Dezhan first extended warm congratulations to all municipal delegates to the seventh national women's congress and cordial regards to all women across the municipality. He said: The convocation of the seventh national women's congress is a major affair in the political life of the broad masses of women across the country as well as a major affair of the women's organizations at all levels and of the women on all fronts throughout the municipality. Over the past few years, the

municipal party committee and the municipal government have paid attention to women's work. Women's organizations at all levels have adopted effective measures to strengthen women's work, exercised the functions of the Women's Federation, united with the broad masses of women, and done much highly effective work. Women of various nationalities at all levels have made important contributions to Tianjin's development and economic invigoration.

Gao Dezhan pointed out: We must emancipate the mind and make earnest efforts to do practical work. Women's organizations at all levels should give full play to their role as a bridge, a link, and a pillar, continue to strengthen the appeal, cohesion, and influence of women's organizations, and under the new situation, lead the women across the municipality to struggle to fulfill the strategic objective proposed by the sixth municipal party congress. Gao Dezhan encouraged delegates to conscientiously exercise their rights and obligations with full political enthusiasm and a high sense of responsibility and to make the congress a success.

Municipal leading comrades, including Li Jianguo, Fang Fengyou, Li Huifen, and Zheng Zhiying, were also present at the meeting.

It was learned that 32 municipal delegates and one specially-invited delegate will attend the seven national women's congress. Among them, 15 are female workers and 17 are representatives of women from all fronts.

Northeast Region

Heilongjiang Reforms Foreign Trade System

OW2908125593 Beijing XINHUA in English 1224 GMT 29 Aug 93

[Text] Harbin, August 29 (XINHUA)—To accelerate the development of foreign trade, northeast China's Heilongjiang Province has transferred the power of enterprises for operation and management to local governments and enterprises directly under the provincial government.

Twelve cities, including Qiqihar, Daqing, Mudanjiang and Jiamusi, have the power to manage foreign trade.

Altogether, 222 enterprises have obtained the right to carry on foreign trade operations.

These enterprises include local import and export corporations, border trade companies, large and middle-sized factories, cooperative companies doing trade with the Commonwealth of Independent States, and scientific research institutes.

The operation rights concern managerial decision making, sales of products, import and export business, and distribution of salaries and bonuses.

Meanwhile, the province has transformed the managerial mechanisms of enterprises.

Simulating the joint-venture operation system, the province has set up joint stock systems in some provincial companies.

These companies cover handicrafts, light industrial products, medicines and health protection goods, and cereals and oils.

Liaoning Cracks Down on Narcotics Traffickers

SK2808092093 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 27 Aug 93

[Text] The Dashiqiao city public security bureau cracked down on narcotics traffickers. Seven persons, including (Zhang Yong), a staff member at the real estate credit department of Dashiqiao city construction bank, were involved in the case. One hundred and thirty grams of heroin were recovered. Simultaneously, a Ford Lincoln sedan, 40 pistols, and a hunting rifle that had been used in their criminal activities were also recovered.

In July, these persons, including (Zhang), purchased 290 grams of heroin from Guangzhou. As of 18 August when they were arrested, they had sold more than 80 grams. This case is under investigations.

Bank Robbers Arrested in Liaoning's Panjin City

SK2808093293 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 27 Aug 93

[Text] At 01000 on 26 August, the Panjin city public security organ solved the extraordinarily serious case of robbery of the bank treasury. Criminal offenders (Wang Huaixiang) and (Qian Wang) were arrested according to laws. The stolen cash, worth more than 138,000 yuan, has been recovered and put into the treasury.

(Wang Huaixiang) is 20 years old. Since last August, he has been working as a temporary worker at the (Niu-huan) branch of Panjin City Cooperative Bank. He made up an excuse of borrowing nail clippers from one of the cashiers of the branch and manufactured copies of four treasury keys. At night on 21 August, he opened the treasury and stole all the money in it, totaling 138,735. He also teamed up with his schoolmate (Qian Wang) to bury the stolen money under the pigpen of (Qian's) house.

After the robbery, the Panjin authorities organ worked day and night and arrested the criminal offenders after three days.

'White Paper' on Taiwan, Refunification Issued

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[Text] Beijing, 31 Aug (XINHUA)—The following is the text of the white paper, **The Taiwan Question and the Reunification of China**, which is issued here today by the Taiwan Affairs Office and the Information Office under the State Council:

The Taiwan Question and Reunification of China

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Foreword

It is the sacred right of each and every sovereign state and a fundamental principle of international law to safeguard national unity and territorial integrity. The charter of the United Nations specifically stipulates that the United Nations and its members shall refrain from any action against the territorial integrity or political independence of any of its members or any state and shall not intervene in matters which are essentially within the domestic jurisdiction of any state. The United Nations declaration on principles of international law concerning friendly relations and cooperation among states in accordance with the charter of the United Nations points out that any attempt aimed at the partial or total disruption of the national unity, territorial integrity or political independence of a state or country is incompatible with the purposes and principles of the charter of the United Nations.

The modern history of China was a record of subjection to aggression, dismemberment and humiliation by foreign powers. It was also a chronicle of the Chinese people's valiant struggles for national independence and in defense of their state sovereignty, territorial integrity and national dignity. The origin and evolution of the Taiwan question are closely linked with that period of history. For various reasons Taiwan is still separated from the mainland. Unless and until this state of affairs is brought to an end, the trauma on the Chinese nation will not be healed and the Chinese people's struggle for national reunification and territorial integrity will continue.

What is the present state of the Taiwan question? What is the crux of the problem? What are the position and

views of the Chinese Government regarding the settlement of this issue? In order to facilitate a better understanding by the international community, it is necessary to elucidate the following points.

I. Taiwan: An Inalienable Part of China

Lying off the southeastern coast of the China Mainland, Taiwan is China's largest island and forms an integral whole with the mainland.

Taiwan has belonged to China since ancient times. It was known as Yizhou or Liuqiu in ancient times. Many historical records and annals documented the development of Taiwan by the Chinese people in earlier periods. References to this effect were to be found, among others, in "seaboard geographic gazetteer" compiled more than 1,700 years ago by Shen Ying of the State of Wu during the period of the three kingdoms. This was the world's earliest written account of Taiwan. Several expeditions, each numbering over ten thousand men, had been sent to Taiwan by the State of Wu (third century A.D.) and the Sui Dynasty (seventh century A.D.) respectively. Since early seventeenth century the Chinese people began to step up the development of Taiwan. Their numbers topped one hundred thousand at the end of the century. By 1893 (19th year of the reign of Qing Emperor Guangxu) their population exceeded 2.54 million people in 507,000 or more households. That was a 25-fold increase in 200 years. They brought in a more advanced mode of production and settled the whole length and breadth of Taiwan. Thanks to the determined efforts and hard toil of the pioneers, the development of the island as a whole greatly accelerated. This was the historical fact of how Taiwan, like the other parts of China, came to be opened up and settled by the Chinese people of various nationalities. From the very beginning the Taiwan society derived from the source of the Chinese cultural tradition. This basic fact had not changed even during the half century of Japanese occupation. The history of Taiwan's development is imbued with the blood, sweat, and ingenuity of the Chinese people including the local ethnic minorities.

Chinese Governments of different periods set up administrative bodies to exercise jurisdiction over Taiwan. As early as in the mid-12th century the Song Dynasty set up a garrison in Penghu, putting the territory under the jurisdiction of Jinjiang county of Fujian's Quanzhou Prefecture. The Yuan Dynasty installed an agency of patrol and inspection in Penghu to administer the territory. During the mid- and late 16th century the Ming Dynasty reinstated the once abolished agency and sent reinforcements to Penghu in order to ward off foreign invaders. In 1662 (first year of the reign of Qing Emperor Kangxi) General Zheng Chenggong instituted Chengtian Prefecture on Taiwan. Subsequently, the Qing Government expanded the administrative structure in Taiwan, thereby strengthening its rule over the territory. In 1684 (23rd year of the reign of Emperor Kangxi) a Taiwan-Xiamen patrol command and a Taiwan Prefecture Administration were set up under the jurisdiction of

Fujian Province. These in turn exercised jurisdiction over three counties on the island: Taiwan (present-day Tainan), Fengshan (present-day Gaoxiong) and Zhuluo (present-day Jiayi). In 1714 (53rd year of the reign of Emperor Kangxi) the Qing Government ordered the mapping of Taiwan to determine its size. In 1721 (60th year of the reign of Emperor Kangxi) an office of imperial supervisor for inspecting Taiwan was created and the Taiwan-Xiamen patrol command was renamed prefecture administration of Taiwan and Xiamen, incorporating the subsequently-created Zhanghua county and Danshui Canton. In 1727 (5th year of the reign of Emperor Yongzheng) the administration on the island was reconstituted as the prefecture administration of Taiwan (which was later renamed prefecture command for patrol of Taiwan) and incorporated the new Penghu Canton. The territory then became officially known as Taiwan. In order to upgrade the administration of Taiwan, the Qing Government created Taipei Prefecture, Jilong Canton and three counties of Danshui, Xinzhu and Yilan in 1875 (1st year of the reign of Emperor Guangxu). In 1885 (11th year of the reign of Emperor Guangxu), the government formally made Taiwan a full province covering three prefectures and one sub-prefecture and incorporating 11 counties and 5 cantons. Liu Mingchuan was appointed first governor of Taiwan. During his tenure of office, railways were laid, mines opened, telegraph service installed, merchant ships built, industries started and new-style schools set up. Considerable social, economic and cultural advancement in Taiwan was achieved as a result.

After the Chinese people's victory in the war against Japanese aggression in 1945, the Chinese Government reinstated its administrative authority in Taiwan Province.

Chinese on both sides of the Taiwan Straits carried out a prolonged, unrelenting struggle against foreign invasion and occupation of Taiwan. Since the late 15th century western colonialists started to grab and conquer colonies in a big way. In 1624 (4th year of the reign of Ming Emperor Tianqi) Dutch colonialists invaded and occupied the southern part of Taiwan. Two years later Spanish colonialists seized the northern part of Taiwan. In 1642 (15th year of the reign of Ming Emperor Chongzhen) the Dutch evicted the Spaniards and took over north Taiwan. The Chinese people on both sides of the straits waged various forms of struggle including armed insurrections against the invasion and occupation of Taiwan by foreign colonialists. In 1661 (18th year of reign of Qing Emperor Shunzhi) General Zheng Cheng-gong led an expedition to Taiwan and expelled the Dutch colonialists from the island in the following year.

Japan launched a war of aggression against China in 1894 (20th year of the reign of Qing Emperor Guangxu). In the ensuing year, as a result of defeat the Qing Government was forced to sign the treaty of Shimonoseki, ceding Taiwan to Japan. This wanton betrayal and humiliation shocked the whole nation and touched off a storm of protests. A thousand or more

candidates from all 18 provinces including Taiwan who had assembled in Beijing for the imperial examination signed a strongly-worded petition opposing the ceding of Taiwan. In Taiwan itself, people wailed and bemoaned the betrayal and went on general strikes. General Liu Yongfu and others of the garrison command stood with Taiwan compatriots and put up a fierce fight against the Japanese landing forces. To support this struggle, people on the mainland, particularly in the southeastern region, showed their solidarity by generous donations or organizing volunteers to Taiwan to fight the Japanese forces. Taiwan compatriots never ceased their dauntless struggle throughout the Japanese occupation. Initially, they formed insurgent groups to wage guerrilla warfare for as long as seven years. When the revolution of 1911 overthrew the Qing monarchy they in turn lent support to their mainland compatriots by staging more than a dozen armed insurrections. The 1920's and 1930's witnessed surging waves of mass action sweeping across the island against Japanese colonial rule.

In 1937, the Chinese people threw themselves into an all-out war of resistance against Japanese aggression. In its declaration of war against Japan, the Chinese Government proclaimed that all treaties, conventions, agreements, and contracts regarding relations between China and Japan, including the Treaty of Shimonoseki, had been abrogated. The proclamation solemnly declared that China would recover Taiwan, Penghu and the four northeastern provinces. After eight years of grueling war against Japanese aggression the Chinese people won final victory and recovered the lost territory of Taiwan in 1945. Taiwan compatriots displayed an outburst of passion and celebrated the great triumph of their return to the fold of the motherland by setting off big bangs of fireworks and performing rites to communicate the event to their ancestors.

The international community has acknowledged the fact that Taiwan belongs to China. The Chinese People's War of Resistance Against Japanese Aggression, being part of the world-wide struggle against fascism, received extensive support from people all over the world. During the Second World War China, the United States, the Soviet Union, Great Britain, France and others formed an alliance to oppose the axis of Germany, Japan and Italy. The Cairo Declaration issued by China, the United States and Great Britain on 1 December 1943 stated: "It is the purpose of the three great allies that Japan shall be stripped of all the islands in the Pacific which she has seized or occupied since the beginning of the First World War in 1914, and that all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa [Taiwan] and the Pescadores [Penghu], shall be restored to China." The Potsdam Proclamation signed by China, the United States and Great Britain on 26 July 1945 (subsequently adhered to by the Soviet Union) reiterated: "The terms of the Cairo Declaration shall be carried out." On 15 August of the same year, Japan declared surrender. The instrument of Japan's surrender stipulated that "Japan hereby accepts the provisions in

the declaration issued by the heads of the governments of the United States, China and Great Britain on July 26, 1945 at Potsdam, and subsequently adhered to by the Union of Soviet Socialist Republics." On 25 October, the ceremony for accepting Japan's surrender in Taiwan province of the China war theater of the allied powers was held in Taipei. On the occasion the chief officer for accepting the surrender proclaimed on behalf of the Chinese Government that from that day forward Taiwan and the Penghu archipelago had again been incorporated formally into the territory of China and that the territory, people, and administration had now been placed under the sovereignty of China. From that point in time forward, Taiwan and penghu had been put back under the jurisdiction of Chinese sovereignty.

Since the founding of the People's Republic of China, 157 countries have established diplomatic relations with China. All these countries recognize that there is only one China and that the government of the People's Republic of China is the sole legal government of China and Taiwan is part of China.

II. Origin of the Taiwan Question

Taiwan was returned to China de jure and de facto at the end of the Second World War. It became an issue only as an aftermath of the ensuing anti-popular civil war started by Kuomintang, and more especially because of intervention by foreign forces.

Taiwan question and civil war launched by Kuomintang. During the War of Resistance Against Japanese Aggression the Chinese Communist Party and other patriotic groups pressed Kuomintang into a national united front with the Communist Party to fight Japanese imperialist aggression. After victory of the war the two parties should have jointed hands to work for the resurgence of China. But the Kuomintang clique headed by Chiang Kai-shek flouted the people's fervent aspirations for peace and for building an independent, democratic and prosperous New China. Relying on U.S. support, this clique tore up the 10 October 1945 agreement between the two parties and launched an all-out anti-popular civil war. The Chinese people were compelled to respond with a People's Liberation War which was to last more than three years under the leadership of the Communist Party. Since the Kuomintang clique had already been spurned by the people of all nationalities for its reign of terror, the government of the "Republic of China" in Nanjing was finally overthrown by the Chinese people. The People's Republic of China was proclaimed on 1 October 1949 and the government of the new people's republic became the sole legal government of China. A group of military and political officials of the Kuomintang clique took refuge in Taiwan and, with the support of the then U.S. administration, created the division between the two sides of the straits.

The Taiwan question and the responsibility of the United States. Against the backdrop of East-West confrontation in the wake of the second world war and guided by its

conceived global strategy and national interest considerations, the U.S. Government gave full support to the Kuomintang, providing it with money, weapons and advisors to carry on the civil war and block the advance of the Chinese people's revolution. However, the U.S. Government never achieved its objective which it hoped to achieve. The white paper on United States relations with China released by the Department of State in 1949 and Secretary of State Dean Acheson's letter of transmittal to President Harry S. Truman had to admit this. Dean Acheson lamented in his letter: "the unfortunate but inescapable fact is that the ominous result of the civil war in China was beyond the control of the government of the United States.... Nothing that was left undone by this country has contributed to it. It was the product of internal Chinese forces, forces which this country tried to influence but could not."

At the time of the founding of the People's Republic of China the then U.S. administration could have pulled itself from the quagmire of China's civil war. But it failed to do so. Instead, it adopted a policy of isolation and containment of New China. When the Korean war broke out, it started armed intervention in the inter-Taiwan straits relations which were entirely China's internal affairs. On 27 June 1950 President Truman announced: "I have ordered the Seventh Fleet to prevent any attack on Formosa." Thus the Seventh Fleet invaded the Taiwan Straits and the U.S. 13th Air Force set up its base in Taiwan. In December 1954, the U.S. and the Taiwan authorities concluded a so-called mutual defense treaty, placing China's Taiwan province under U.S. "protection". The erroneous policy of the U.S. Government of continued interference in China's internal affairs led to prolonged and intense confrontation in the Taiwan Straits area, and henceforth the Taiwan question became a major dispute between China and the United States.

In order to ease tension in the Taiwan Straits area and seek ways of solving the dispute between the two countries, the Chinese Government opened dialogues with the United States beginning in the mid-1950's. The two countries held 136 sessions of talks at the ambassadorial level from August 1955 to February 1970. However, no progress had been made in that period on the key issue of easing and removing tension in the Taiwan Straits area. It was not until late 1960s and 1970s when the international situation had undergone changes, and as New China had gained in strength, that the U.S. began to readjust its China policy and relations between the two countries began to thaw. In October 1971 the United Nations general assembly adopted at its 26th session resolution 2758 which restored all the lawful rights of the People's Republic of China in the United Nations and expelled the "representatives" of the Taiwan authorities from the U.N. U.S. President Richard Nixon visited China in February 1972 in the course of which the two countries issued a joint communique in Shanghai, stating: "the U.S. side declared that the United States acknowledges that all Chinese on either side of the Taiwan straits maintain there is but one China and that

Taiwan is a part of China. The United States Government does not challenge that position."

In December 1978, the U.S. Government accepted the three principles proposed by the Chinese Government for the establishment of diplomatic relations between the two countries: namely, the United States should sever "diplomatic relations," abrogate the "mutual defense treaty" with the Taiwan authorities, and withdraw U.S. military forces from Taiwan. On 1 January 1979, China and the United States formally established diplomatic relations. The communique on the establishment of diplomatic relations said: "The United States of America recognizes the government of the People's Republic of China as the sole legal government of China. Within this context, the people of the United States will maintain cultural, commercial and other unofficial relations with the people of Taiwan... The Government of the United States of America acknowledges the Chinese position that there is but one China and Taiwan is part of China." Normalization of Sino-U.S. relations was thus achieved.

Regrettably, however, scarcely three months after the event, a so-called Taiwan Relations Act was passed by the U.S. Congress and signed into law by the president. A domestic legislation of the U.S. as it was, this act contained many clauses that contravened the communique on the establishment of diplomatic relations between China and the U.S. and the principles of international law, and seriously prejudiced the rights and interests of the Chinese people. Invoking this legislation, the U.S. Government has continued its arms sales to Taiwan, interference in China's internal affairs, and obstruction of Taiwan's reunification with the mainland.

In order to resolve the issues of U.S. arms sales to Taiwan, the Chinese and U.S. Governments negotiated and reached an agreement on 17 August 1982. They issued the third joint communique on Sino-U.S. relations, known as the "17 August Communique." In that communique the U.S. Government stated: "It does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between China and the United States, and that it intends gradually to reduce its arms sales to Taiwan, leading, over a period of time, to a final resolution." Yet in the past dozen or more years the U.S. Government has not only failed to implement the communique in earnest, but has repeatedly contravened it. In September 1992, the U.S. Government even decided to sell 150 F-16 high-performance fighter aircraft to Taiwan. This action of the U.S. Government has added a new stumbling block in the way of the development of Sino-U.S. relations and settlement of the Taiwan question.

It is clear from the above that the U.S. Government is responsible for holding up the settlement of the Taiwan question. Since the 1970s, many Americans of vision

and goodwill in or outside the administration have done much valuable work by way of helping to resolve the differences between China and the U.S. on the Taiwan question. The aforesaid three joint communiqués testify to their efforts and contributions, of which the Chinese Government and people are highly appreciative. On the other hand, one cannot fail to note that there are people in the U.S. who still do not want to see a reunified China. They have cooked up various pretexts and exerted influence to obstruct the settlement of the Taiwan question.

The Chinese Government is convinced that the American and the Chinese peoples are friendly to each other and that the normal development of relations between the two countries accords with the long-term interests and common aspirations of both peoples. Both countries should cherish the three hard-won communiqués guiding the development of bilateral relations. As long as both sides abide by the principles enshrined in those communiqués, respect each other and set store by their overall common interests, it will not be difficult to settle the Taiwan question that has been left over from history and Sino-U.S. relations will surely see steady improvement and development ahead.

III. The Chinese Government's Basic Position Regarding Settlement of the Taiwan Question

To settle the Taiwan question and achieve national reunification—this is a solemn and sacrosanct mission of the entire Chinese people. The Chinese Government has persistently worked towards this end since the founding of the people's republic. Its basic position on this question is: peaceful reunification; one country, two systems.

Peaceful reunification; one country, two systems—how has this position been formulated? The Chinese Government conceived a peaceful settlement of the Taiwan question as early as in the 1950's. In May 1955, the late Premier Zhou Enlai said at a NPC [National People's Congress] Standing Committee meeting that two alternatives were open to the Chinese people for the solution of the Taiwan question—through war or peaceful means. The Chinese people would strive for a peaceful solution wherever possible, he affirmed. In April 1956, the late Chairman Mao Zedong put forward thoughts for policy-making such as "peace is the best option", "all patriots are of one family", and "it is never too late to join the ranks of patriots." However, those wishes have not come to fruition for reasons such as interference by some foreign forces.

Some major changes took place in and outside China in the late 1970's. Diplomatic ties were established and relations normalized between China and the United States. The Third Plenary Session of the 11th Central Committee of the Communist Party of China decided to shift the focus of the work of the party and the state to the economic modernization program. In the meantime, people on both sides of the Taiwan Straits, compatriots of Hong Kong and Macao as well as Overseas Chinese

and people of Chinese descent all expressed their fervent hope that the two sides of the straits would join hands to work for a resurgence of China. It was against this historical background that the Chinese Government formulated the position of "peaceful reunification; one country, two systems". The position takes the overall national interests and the future of the country into consideration. It respects history as well as the prevailing situation. It is realistic and takes care of the interests of all.

On 1 January 1979, the Standing Committee of the National People's Congress of the People's Republic of China issued a message to compatriots in Taiwan, solemnly pronouncing the Chinese Government's major policies regarding peaceful settlement of the Taiwan question. It called for the holding of talks between the two sides of the straits to seek an end to the military confrontation. It pledged that in the pursuit of national reunification, the government "will respect the status quo on Taiwan and the views of people of all walks of life there and adopt reasonable policies and measures".

In a statement on 30 September 1981, the late Chairman Ye Jianying of the NPC Standing Committee further elaborated the policy and principles for the settlement of the Taiwan question. He affirmed that "after the country is reunified, Taiwan can enjoy a high degree of autonomy as a special administrative region" and proposed that talks be held on an equal footing between the ruling parties on each side of the straits, namely, the Chinese Communist Party and the Kuomintang.

Referring to Ye Jianying's remarks, Chinese leader Deng Xiaoping pointed out on 11 January 1982 that this in effect meant "one country, two systems", i.e., on the premise of national reunification, the main body of the nation would continue with its socialist system, while Taiwan could maintain capitalism.

On 26 June 1983, Deng Xiaoping further enunciated the concept of peaceful reunification, stressing that the crucial point was reunification of the motherland. He went on to expound the government's policy on reunification and on the creation of a Taiwan Special Administrative Region.

On 12 October 1992, General Secretary Jiang Zemin of the CPC Central Committee pointed out: "We shall work steadfastly and actively to promote reunification of the motherland, adhering to the principles of peaceful reunification and 'one country, two systems'... We reiterate that the Chinese Communist Party is ready to establish contact with the Chinese Kuomintang at the earliest possible date to create conditions for talks on officially ending the state of hostility between the two sides of the Taiwan Straits and gradually realizing peaceful reunification. Representatives from other parties, mass organizations, and all circles on both sides of the Taiwan Straits could be invited to join in such talks."

Basic contents of "peaceful reunification; one country, two systems." This position is an important component of

the theory and practice of building socialism with Chinese characteristics and a fundamental state policy of the Chinese Government which will not change for a long time to come. Its basic contents are as follows:

1. Only one China. There is only one China in the world, Taiwan is an inalienable part of China, and the seat of China's central government is in Beijing. This is a universally recognized fact as well as the premise for a peaceful settlement of the Taiwan question.

The Chinese Government is firmly against any words or deeds designed to split China's sovereignty and territorial integrity. It opposes "two Chinas", "one China, one Taiwan", "one country, two governments" or any attempt or act that could lead to "independence of Taiwan". The Chinese people on both sides of the strait all believe that there is only one China and espouse national reunification. Taiwan's status as an inalienable part of China has been determined and cannot be changed. "Self-determination" for Taiwan is out of the question.

2. Coexistence of two systems. On the premise of one China, socialism on the mainland and capitalism on Taiwan can coexist and develop side by side for a long time without one swallowing up the other. This concept has largely taken account of the actual situation in Taiwan and practical interests of our compatriots there. It will be a unique feature and important innovation in the state system of a reunified China.

After reunification, Taiwan's current socio-economic system, its way of life as well as economic and cultural ties with foreign countries can remain unchanged. Private property, including houses and land, as well as business ownership, legal inheritance and overseas Chinese and foreign investments on the island will all be protected by law.

3. A high degree of autonomy. After reunification, Taiwan will become a special administrative region. It will be distinguished from the other provinces or regions of China by its high degree of autonomy. It will have its own administrative and legislative powers, an independent judiciary and the right of adjudication on the island. It will run its own party, political, military, economic and financial affairs. It may conclude commercial and cultural agreements with foreign countries and enjoy certain rights in foreign affairs. It may keep its military forces and the mainland will not dispatch troops or administrative personnel to the island. On the other hand, representatives of the government of the special administrative region and those from different circles of Taiwan may be appointed to senior posts in the central government and participate in the running of national affairs.

4. Peace negotiations. It is the common aspiration of the entire Chinese people to achieve reunification of the country by peaceful means through contacts and negotiations. People on both sides of the straits are all Chinese. It would be a great tragedy for all if China's territorial

integrity and sovereignty were to be split and its people were to be drawn into a fratricide. Peaceful reunification will contribute to the great unity of the entire nation. It will facilitate Taiwan's socioeconomic stability and development and promote the resurgence and prosperity of China as a whole.

In order to put an end to hostility and achieve peaceful reunification, the two sides should enter into contacts and negotiations at the earliest possible date. On the premise of one China, both sides can discuss any subject, including the modality of negotiations, the question of what parties, groups and personalities may participate as well as any other matters of concern to the Taiwan side. So long as the two sides sit down and talk, they will always be able to find a mutually acceptable solution.

Taking into account the prevailing situation on both sides of the straits, the Chinese Government has proposed that pending reunification the two sides should, according to the principle of mutual respect, complementarity and mutual benefit, actively promote economic cooperation and other exchanges. Direct trade, postal, air and shipping services and two-way visits should be started in order to pave the way for the peaceful reunification of the country.

Peaceful reunification is a set policy of the Chinese Government. However, any sovereign state is entitled to use any means it deems necessary, including military ones, to uphold its sovereignty and territorial integrity. The Chinese Government is under no obligation to undertake any commitment to any foreign power or people intending to split China as to what means it might use to handle its own domestic affairs.

It should be pointed out that the Taiwan question is purely an internal affair of China and bears no analogy to the cases of Germany and Korea which were brought about as a result of international accords at the end of the second world war. Therefore, the Taiwan question should not be placed on a par with the situation of Germany or Korea. The Chinese Government has always opposed applying the German or Korean formulas to Taiwan. The Taiwan question should and entirely can be resolved rationally through bilateral consultations and within the framework of one China.

IV. Relations Across Taiwan Straits: Evolution and Stumbling Blocks

The present division between the two sides of the Taiwan Straits is a misfortune for the Chinese nation. All the Chinese people are yearning for an early end to this agonizing situation.

In order to enable normal movement of people across the straits and to achieve reunification of the country, the Chinese Government has made proposals on peaceful reunification and, at the same time, adopted measures to step up the development of inter-straits relations.

On the political plane, policy adjustments have been made with a view to breaking down the mentality of hostility. The Supreme People's Court and the Supreme People's Procuratorate have decided respectively that people who had gone to Taiwan would no longer be prosecuted for offenses prior to the founding of the People's Republic of China.

On the military plane, initiatives have been taken to ease military confrontation across the straits. Shelling of Jinmen and other islands have been discontinued. Some forward defense positions and observation posts along the Fujian coast have been transformed into economic development zones or tourist attractions.

On the economic plane, doors have been flung open to facilitate the flow of goods and people. Businessmen from Taiwan are welcome to invest or trade on the mainland. They are accorded preferential treatment and legal safeguards.

The Chinese government has also adopted a positive attitude and taken measures to encourage bilateral exchanges and cooperation in areas such as two-way travels, post and communications as well as scientific, cultural, sports, academic and journalistic activities. A non-governmental association for relations across the Taiwan Straits has been set up and authorized by the government to liaise with the Straits Exchange Foundation and other relevant non-governmental bodies in Taiwan for the purpose of upholding the legitimate rights and interests of people on both sides and promoting inter-straits relations.

Such policies and measures of the Chinese Government have won the understanding and support of more and more Taiwan compatriots, compatriots in Hong Kong and Macao as well as Overseas Chinese and people of Chinese descent. On their part, Taiwan compatriots have contributed tremendously to the development of inter-straits relations. In recent years the Taiwan authorities have in turn made readjustments in their policy regarding the mainland. They have taken steps to ease the situation, such as allowing people to visit relatives on the mainland, gradually reducing the restrictions on people-to-people exchanges and contact, expanding indirect trade, permitting indirect investment and cutting red tape in inter-straits post, telecommunications and bank remittance services. All these are conducive to better interchanges. The past few years have witnessed rapid growth of economic relations and trade as well as increasing mutual visits and sundry exchanges across the straits. The Wang Daohan-Ku Chen-fu talks in April 1993 resulted in four agreements, marking a step forward of historic significance in inter-straits relations. Thus an atmosphere of relaxation prevails in the Taiwan Straits for the first time in the past four decades. This is auspicious to peaceful reunification.

It should be pointed out that notwithstanding a certain measure of easing up by the Taiwan authorities, their current policy vis-a-vis the mainland still seriously

impedes the development of relations across the straits as well as the reunification of the country. They talk about the necessity of a reunified China, but their deeds are always a far cry from the principle of One China. They try to prolong Taiwan's separation from the mainland and refuse to hold talks on peaceful reunification. They have even set up barriers to curb the further development of the interchanges across the straits.

In recent years the clamours for "Taiwan independence" on the island have become shriller, casting a shadow over the course of relations across the straits and the prospect of peaceful reunification of the country. The "Taiwan independence" fallacy has a complex social-historical root and international background. But the Taiwan authorities have, in effect, abetted this fallacy by its own policy of rejecting peace negotiations, restricting interchanges across the straits and lobbying for "dual recognition" or "two Chinas" in the international arena. It should be affirmed that the desire of Taiwan compatriots to run the affairs of the island as masters of their own house is reasonable and justified. This should by no means be construed as advocating "Taiwan independence." They are radically distinct from a handful of people who follow the road toward "Taiwan independence." This handful of "Taiwan independence" protagonists trumpet independence but vilely rely on foreign patronage in a vain attempt to detach Taiwan from China, which runs against the fundamental interests of the entire Chinese people including Taiwan compatriots. The Chinese Government is closely following the course of events and will never condone any manoeuvre for "Taiwan independence."

Certain foreign forces who do not want to see a reunified China have gone out of their way to meddle in China's internal affairs. They support the anti-communist stance of the Taiwan authorities of rejecting peace talks and abet the secessionists on the island, thereby erecting barriers to China's peaceful reunification and seriously wounding the national feelings of the Chinese people.

The Chinese Government is convinced that Taiwan compatriots want national reunification and that this is also true with most of the political forces in or out of office in Taiwan. The people on both sides of the straits will overcome all the barriers and stumbling blocks by their joint efforts and ensure a better development of relations across the straits.

V. Several Questions Involving Taiwan in International Relations

As has been elucidated in the foregoing, there is only one China in the world, of which Taiwan is an inalienable part. The government of the People's Republic of China has been recognized by the United Nations and throughout the world as the sole legal government representing the entire Chinese people. In the interest of safeguarding state sovereignty and realizing national reunification the Chinese Government has always stood firm on the principle of one China and ensured the

interests of Taiwan compatriots in international relations involving Taiwan. The Chinese government has no doubt that its position will be respected by all other governments and people.

The Chinese Government deems it necessary to reiterate its position and policy on the following matters:

1. Relations Between Taiwan and Countries Maintaining Diplomatic Ties With China

All countries maintaining diplomatic relations with China have, in conformity with international law and the principle of one China, undertaken in formal agreement or understanding with the Chinese Government not to establish any ties of an official nature with Taiwan. According to international law, a sovereign state can only be represented by a single central government. As a part of China, Taiwan has no right to represent China in the international community, nor can it establish diplomatic ties or enter into relations of an official nature with foreign countries. Nevertheless, considering the needs of Taiwan's economic development and the practical interests of Taiwan compatriots, the Chinese Government has not objected to non-governmental economic or cultural exchanges between Taiwan and foreign countries.

In recent years the Taiwan authorities have vigorously launched a campaign of "pragmatic diplomacy" to cultivate official ties with countries having diplomatic relations with China in an attempt to push "dual recognition" and achieve the objective of creating a situation of "two Chinas" or "one China, one Taiwan". The Chinese Government is firmly against this scheme.

It is noted that the overwhelming majority of the countries of the world cherish friendly relations with China and abide by their agreements and understandings with China on the issue of Taiwan. The Chinese Government appreciates this. On the other hand, it should be pointed out that, in disregard of their international credibility, certain countries have breached the undertaking made at the time of the establishment of diplomatic ties with the People's Republic of China by evolving official relations with Taiwan, thereby putting a spoke in the wheel of China's reunification. The Chinese Government sincerely hopes that the governments in question will take measures to rectify the situation.

2. Relations Between International Organizations and Taiwan

The sovereignty of each state is an integral whole which is indivisible and unsharable. The government of the People's Republic of China, as the sole legal government of China, has the right and obligation to exercise state sovereignty and represent the whole of China in international organizations. The Taiwan authorities' lobbying for a formula of "one country, two seats" in international organizations whose membership is confined to sovereign states is a manoeuvre to create "two Chinas". The Chinese Government is firmly opposed to such an

attempt. Its principled position fully conforms to the fundamental interests of the entire Chinese people including Taiwan compatriots and overseas Chinese. Only on the premise of adhering to the principle of one China and in the light of the nature and statutes of the international organizations concerned as well as the specific circumstances, can the Chinese Government consider the question of Taiwan's participation in the activities of such organizations and in a manner agreeable and acceptable to the Chinese Government.

All the specialized agencies and organizations of the United Nations system are inter-governmental organizations composed of sovereign states. After the restoration of the lawful rights of the People's Republic of China in the United Nations, all the specialized agencies and organizations of the U.N. system have formally adopted resolutions restoring to the People's Republic of China its lawful seat and expelling the "representatives" of the Taiwan authorities. Since then, the issue of China's representation in the U.N. system has been resolved once and for all and Taiwan's re-entry is out of the question. However, it should be pointed out that recently some elements of the Taiwan authorities have been clamouring for "returning to the United Nations". Apparently, this is an attempt to split state sovereignty, which is devoid of any legal or practical basis. The Chinese Government is convinced that all governments and organizations of the U.N. system will be alert to this scheme and refrain from doing anything prejudicial to China's sovereignty.

In principle, Taiwan is also ineligible for membership in other categories of inter-governmental organizations. As to regional economic organizations such as the Asian Development Bank (ADB) and the Asia-Pacific Economic Cooperation (APEC), Taiwan's participation is subject to the terms of agreement or understanding reached between the Chinese Government and the parties concerned which explicitly prescribe that the People's Republic of China is a full member as a sovereign state whereas Taiwan may participate in the activities of those organizations only as a region of China under the designation of Taipei, China (in ADB) or Chinese Taipei (in APEC). This is only an ad hoc arrangement and cannot constitute a "model" applicable to other inter-governmental organizations or international gatherings.

Regarding participation in non-governmental international organizations, the relevant bodies of the People's Republic of China may reach an agreement or understanding with the parties concerned so that China's national organizations would use the designation of China, while Taiwan's organizations may participate under the designation of Taipei, China or Taiwan, China.

3. Aviation Services Between Taiwan and Countries Having Diplomatic Relations With China

Airspace is an inalienable part of a country's territory. The 1919 Paris Aviation Convention and the 1944

Chicago Convention affirm the principle of complete and exclusive sovereignty of each country over its airspace. Therefore, the opening of aviation services with Taiwan by any airlines, including privately-operated ones, of countries having diplomatic relations with China is a political issue affecting China's sovereignty and cannot be regarded as a non-political transaction. State-run airlines of countries having diplomatic relations with China certainly must not operate air services to Taiwan. Privately-operated airlines must seek China's consent through consultations between their government and the Chinese government before they can start reciprocal air services with privately-operated airlines of Taiwan. As a matter of fact, according to the afore-said principle the Chinese Government has consented to such services between privately-operated airlines of Britain, Germany, Canada, etc. and their counterparts in Taiwan.

As for countries which already had aviation services with Taiwan before the establishment of diplomatic relations with the People's Republic of China, they can negotiate with the Chinese Government to change the official nature of such services so as to be able to continue the operations as privately-run commercial transportation undertakings.

4. Arms Sales to Taiwan By Countries Having Diplomatic Relations With China

The Chinese Government has always firmly opposed any country selling any type of arms or transferring production technology of the same to Taiwan. All countries maintaining diplomatic relations with China should abide by the principles of mutual respect for sovereignty and territorial integrity and non-interference in each other's internal affairs, and refrain from providing arms to Taiwan in any form or under any pretext. Failure to do so would be a breach of the norms of international relations and an interference in China's internal affairs.

All countries, and especially big powers shouldering major responsibilities for world peace, are obligated to strictly abide by the guidelines laid down by the five permanent members of the UN Security Council to restrict the proliferation of conventional weapons so as to contribute to maintaining and promoting regional peace and security. However, at a time when relations across the Taiwan Straits are easing up, certain powers have seen fit to renege on their undertakings under international agreements and to flout the Chinese Government's repeated strong representations by making arms sales to Taiwan, thereby stirring up tension between the two sides of the straits. This not only constitutes a serious threat to China's security and an obstacle to China's peaceful reunification, but also undermines peace and stability in Asia and the world at large. It stands to reason that the Chinese people should voice strong objections to this conduct.

In international affairs the Chinese Government always pursues an independent foreign policy of peace and

adheres to the five principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit and peaceful coexistence. It actively seeks to develop friendly relations with all countries of the world and will never undermine any country's interests nor interfere in its internal affairs. By the same token it expects all other governments to refrain from undermining China's interests or interfering in China's internal affairs and to correctly handle their relations with Taiwan.

Conclusion

Reunification of the country embodies the fundamental interest of the Chinese nation.

After national reunification the two sides of the Taiwan Straits can pool their resources and make common cause in economic development and work towards China's resurgence. Numerous problems that have been besetting Taiwan would be judiciously resolved within the framework of one China. Taiwan compatriots will share the pride and glory of a great nation with their kith and kin from the other parts of the motherland.

Taiwan question has long been a destabilizing factor in the Asia-Pacific region. Reunification of China will not only bolster the stability and development of the country itself, but also contribute to the further enhancement of the friendly relations and cooperation between China and other countries as well as to peace and development in the Asia-Pacific region and the world as a whole.

The Chinese Government is confident that it can count on the understanding and support of governments and people of all countries in the pursuit of its just cause of safeguarding its state sovereignty and territorial integrity.

Press Comment Hails Taiwan 'White Paper'

RENMIN RIBAO Editorial

OW0109103993 Beijing XINHUA Domestic Service in Chinese 0743 GMT 1 Sep 93

[RENMIN RIBAO 2 September editorial: "A Programmatic Document for Reunifying the Motherland"]

[Text] Beijing, 1 Sep (XINHUA)—The white paper, "The Taiwan Question and the Reunification of China," is an important document because, for the first time, it systematically describes the origin and present state of the Taiwan question, and expounds the Chinese Government's principled position and basic policy on this question. The publication of the white paper will enable the international community to have a correct all-around understanding of the essence of the Taiwan question and the position of the Chinese Government on it, and will help advance the process of peaceful reunification of the motherland.

Taiwan has been part of China's territory since ancient times. With numerous historical facts, the white paper strongly proves that this is true. The white paper declares to the world: "The fundamental interests of the Chinese nation lay in the reunification of China." "Solving the Taiwan question and realizing national reunification is the solemn and sacred mission of all Chinese people." The declaration demonstrates the strong desire and resolute determination of the Chinese people to safeguard state sovereignty and territorial integrity, and to realize the reunification of the motherland.

The Chinese Government's basic policy for solving the Taiwan question is "peaceful reunification and one country, two systems." This is a practical policy and a creative idea which has been raised with respect for history and reality, and in consideration of the national interests and future of the country as a whole. Adherence to the "one China" principle is unshakable. Under this prerequisite, national reunification should be realized by peaceful means through contact and negotiations by the two sides of the Taiwan Strait. The main body of the state practices the socialist system, while Taiwan practices the capitalist system and enjoys a high degree of autonomy.

Over the past few years the masses of Taiwan compatriots have made great efforts to expand relations between the two sides of the strait. The Taiwan authorities have correspondingly readjusted their mainland policy by adopting some flexible measures. The Chinese Government's policy and measures on Taiwan have been increasingly understood and supported by the international community. However, it is necessary to note that there is still strong resistance to developing relations between the two sides of the strait, and to realizing the peaceful reunification of China.

Verbally, the Taiwan authorities stand for "one China," but in action, they contravene this principle. Recently, the Taiwan authorities have been clamoring about "rejoining the United Nations." This is contrary to the "one China" principle and runs counter to the desire of the entire Chinese people. In international affairs, some countries, lured by the Taiwan authorities' promise of gain, have gone so far as to ignore international law by openly striving for so-called "parallel representation" in the United Nations. This is undoubtedly crude interference in China's internal affairs and an attempt to divide China. The Chinese Government and the Chinese people express their strong indignation at such an act which hurts the feelings of the Chinese people, and of course, they are resolutely opposed to it.

Everybody knows that the United Nations is an inter-governmental and international organization composed of sovereign countries. All sovereign countries in the world, regardless of the size of their territories, populations, and GNP, have the right to apply for UN membership in accordance with the rules of the UN Charter. However, when a province or region is an inalienable part of a sovereign country, it is not entitled to UN

membership, no matter how big or small the size of its land, population, and total output value may be. In other words, UN membership is predicated on whether it is a sovereign country, and absolutely not by such conditions as population, land, and GNP. A sovereign country can only be represented by the central government. The issue of China's UN representation has long been totally resolved politically, legally, and procedurally; and since Taiwan is an inalienable part of China, the issue of its "rejoining the United Nations" simply does not exist. Deliberately distorting the UN Charter principle concerning the "universalization of membership," the Taiwan authorities have recently been using its land, area, population, and GNP as an excuse for "rejoining the United Nations." Such a deliberate attempt to create confusion is tantamount to self-deception, and it is easy for anyone with a little common knowledge of international law to see through their intentions.

The Chinese Government has time and again reiterated that the Taiwan issue is strictly China's internal affair; that it can only be settled through consultations between the two sides of the strait within the framework of one China; and that it should not be equated with the totally different issues of the Koreas and the former Germany, created through international agreements after the Second World War. Chinese people on both sides of the Taiwan Strait also maintain that there is but one China, and the international community also acknowledges that there is only one China in the world. The status of Taiwan as a part of China has been established and cannot be changed. In fact, we have already considered the needs of our countrymen in Taiwan to develop economic and other contacts with other countries, and have not objected to Taiwan's establishment of nongovernment economic and cultural ties with foreign countries. It should be said that there is already ample space within the area in which Taiwan can develop nongovernment economic and cultural contacts with foreign countries. The Taiwan authorities' ballyhoo about "rejoining the United Nations" is totally an act of openly dividing state sovereignty and is incompatible with legal principles; it is impractical and doomed to failure.

Meanwhile, we are watching the increasingly rampant "Taiwan independence" activities on the island. Any wild attempts to separate Taiwan from China run counter to the fundamental interests of all the Chinese people, including our countrymen on Taiwan. The Chinese Government and all Chinese people will never sit by idly and remain indifferent [jue bu hui zuo shi bu li 0414 0008 2585 0976 6018 0008 3810] to all acts of undermining national reunification. We hope the Taiwan authorities will place the national cause above everything else, positively respond to the CPC's call for contacts and negotiations for an early end to cross-strait hostilities and gradual realization of peaceful reunification, and actively promote the development of cross-strait relations toward peaceful reunification.

We believe that peoples of all countries will certainly understand and respect the Chinese Government's just

stand of safeguarding state sovereignty and promoting national reunification—a stand proclaimed in the White Paper, "Taiwan Issue and China's Reunification." We are firmly opposed to any wanton act of interfering in China's internal affairs. We are convinced that the improvement of cross-strait relations and China's reunification can not only enable the people on the two sides of the strait to work together to develop the economy, build a stronger country, and enjoy our great motherland's international dignity and honor, but will also contribute immensely to the strengthening of friendship and cooperation between China and all other countries, and to the peace, stability, and development of the Asia-Pacific region and even the world as a whole.

WEN WEI PO Editorial

*HK0109104593 Hong Kong WEN WEI PO in Chinese
1 Sep 93 p 2*

[Editorial: "Chinese Government Issues White Paper on Taiwan Question"]

[Text] Yesterday, the Chinese Government issued the "Question of Taiwan and China's Reunification," elaborating to the world for the first time in the form of white paper the origin of the Taiwan question and the Chinese Government's position on the question of Taiwan and its policy of "upholding one China, peaceful reunification, and one country, two systems." With this white paper, one can get a detailed and clear understanding of the origin of the Taiwan question and the principles of the Chinese Government. It can drive out the misunderstandings and misgivings of some people at home and abroad and serves as a declaration to the international community. It stresses once again that Taiwan is an inseparable part of China, that the question of Taiwan must not be interfered in by any overseas power, and that advocates for "Taiwan's independence" will not be allowed to split the motherland.

Taiwan has been Chinese territory since ancient times, and no one can raise any objection to this point. The temporary separation between the two sides of the Taiwan Strait has come about in the course of history. In 1894, the Manchu Government was forced to sign the humiliating "Treaty of Shimonoseki," in which Taiwan, the Penghu Islands, and the Liaodong Peninsula were ceded to Japan. People throughout the country were filled with indescribable grief and indignation, and the residents of Taipei hit resounding gongs and the shopkeepers went on strike. Their cry was heard far and wide. Japan occupied all of Taiwan the next year, and it was not until 1945 that it reverted to the motherland. This was recognized by the Cairo Declaration in 1943 and the Potsdam Declaration in 1945. In the fall of 1949, the Nanjing KMT authorities fled to Taiwan, and Taiwan was once again separated from the mainland. Chiang Kai-shek and Chiang Ching-kuo always considered Taiwan part of China, however, and insisted that there was only "one China." In his remaining years, Chiang Ching-kuo even conformed to the people's aspirations

and the historical trend by allowing them to visit their relatives on the mainland, making his own contribution to the end of confrontation between the two sides, to the launching of exchanges, and, ultimately, to China's reunification.

From the temporary separation between the two sides of the strait, we can see that China has a totally different situation from those of East and West Germany and of North and South Korea. The separations in Germany and on the Korean Peninsula was caused by the Second World War—they were the consequences of the confrontation between the two superpowers during the Cold War. In the wake of the Cold War, East and West Germany achieved unification. The coexistence of two regimes with the same nationality on the Korean Peninsula is a unique situation. Moreover, both Pyongyang and Seoul maintain that they will achieve unification in the future. Some people in Taiwan advocate following the German or Korean model in handling relations between the two sides of the strait. In fact, these individuals are attempting to "use the Taiwan experience to transform the mainland," or to "have two separate administrations and join the United Nations at the same time like South and North Korea." This is impractical. The Taiwan authorities' idea of "rejoining the United Nations" is very incorrect. By attempting to gain the "same status" as the mainland, they will find it impossible to win recognition by the international community. Rather, they will probably come to conspire with the "Taiwan independence advocates." The Chinese Government's White Paper points out: Activities for "Taiwan's independence" on Taiwan Island have become increasingly rampant in recent years, casting a shadow on the development of relations between the two sides of

the strait and on the peaceful reunification of the motherland. The Chinese Government is paying serious attention to how this situation is developing and will never be indifferent to any acts intended to create "Taiwan independence."

In recent years, there has been exceedingly rapid progress in economic and cultural exchange between the two sides of the strait. An atmosphere of detente which has not existed for more than four decades has now appeared between the two sides of the Taiwan Strait, enabling the entire world to see the opportunities afforded by the reunification of the Chinese nation led by economic development. Nonetheless, there are always a few who do not want to see a strong China or China's reunification and who create obstacles in the process of China's reunification. The fact that the U.S. Government decided to sell large quantities of weapons and military equipment to the Taiwan authorities last year serves as an example. There are always a few people among the U.S. executive authorities and Congress who consider Taiwan an "unsinkable aircraft carrier." The release of the Chinese Government's White Paper helps the entire world understand China's solemn and just stand. The Chinese Government has the right to use all means to safeguard national unity and territorial integrity. It will not promise any country that it will not use force to deal with the Taiwan question. This is a matter related to China's sovereignty and internal affairs, areas in which outside interference is not permitted. The days in which China was wantonly bullied and carved up are long gone, never to return. With the concerted efforts of people on the two sides of the strait, the peaceful reunification of Taiwan and the mainland will surely be achieved.

Mainland 'White Paper' on Reunification Viewed**Premier Lien Chan Cited**

OW0109030693 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 30 Aug 93

[From the "Hookup" program]

[Text] Communist China will publish today [31 August] a white paper, the Taiwan Question and the Reunification of China.

Commenting on Communist China's opposition to our country's UN membership, as enunciated in the white paper, Premier Lien Chan said: The separation of China is a reality. Any regime must face up to realities and should not discuss only ideals while ignoring facts. If Communist China does not change its rigid way of thinking, it is not helpful to China's reunification.

The premier, who has been sworn in for six months today, urged the people throughout the country to continue their support for the administration of the Executive Yuan. Following is a report filed by Ho Chien-min:

[Begin recording] [Ho] Commenting on Communist China's proclamation, in the white paper on Taiwan, of its opposition to Taiwan's UN membership, Premier Lien Chan said: Aspirations to join the United Nations have become a consensus within both the ruling and opposition parties. Communist China has no reason to, and should not, obstruct our aspirations. At the same time, it should look squarely at the reality of separate governments on the two sides of the Taiwan Strait so as to help bring about national reunification in the future.

[Lien] China today is a divided country. The situation of separation is a reality. Any regime must face up to reality so as to solve (problems) arising from the reality. Regardless of white paper or red paper, it must look squarely at the reality so as to help bring about national reunification in the future. [end recording]

Foreign Ministry Issues Statement

OW0109062893 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 31 Aug 93

[From the "Hookup" program]

[Text] Kuo Tai-chun, press secretary and concurrently director of the First Bureau of the Presidential Office, issued a statement yesterday [31 August] on the white paper released by the Communist Chinese authorities on the Taiwan issue and the reunification of China. He stressed: There is no such thing as a Taiwan issue, but a China issue. If Communist China does not have a clear understanding of the fact of separation between the two sides of the Taiwan Strait and the differences stemming from their systems, further discussion of the matter will not result in anything new and will not be helpful.

Meanwhile, the Ministry of Foreign Affairs also issued a formal statement. It pointed out that participation in the United Nations is a consensus expressed by all the citizens of their own free will and in a democratic way; that it had evoked a general, positive response from the international community through efforts by the whole nation; and that the government will continue to unflinchingly go all out in the future. The following is a report filed by (Lin Hui-ling):

[Begin recording] [(Lin Hui-ling)] The first white paper of Mainland China on the Taiwan issue and the reunification of China was officially announced. It reiterates Communist China's consistent stand of One Country, Two Systems, opposes Taiwan's return to the United Nations, and refuses to make a commitment on renouncing the use of force against Taiwan. Foreign Ministry Spokesman Ouyang Jui-hsiung issued a statement in the afternoon reaffirming the belief of the Republic of China [ROC] in reunification.

[Ouyang Jui-hsiung] The ROC Government would like to take this opportunity to reaffirm its firm belief that the country will surely be reunified in the future. However, we also accept the fact that, at present, the country has temporarily landed itself in a state of separation and confrontation. Before the country is reunified, in view of the fact that the ROC Government effectively exercises independent administration over the Taiwan, Penghu, Quemoy, and Matsu areas, the rights and status of the ROC for activities on an equal footing with Communist China in the international community should be respected and protected.

[(Lin Hui-ling)] In addition, Ouyang Jui-hsiung expressed that, out of consideration for safeguarding the well-being of the people, [the ROC] absolutely will never change its mission to participate in such international organizations as the United Nations. It took Communist China 22 years leaving no stone unturned to enter the United Nations in those days. The efforts we have to make now to rejoin the United Nations in the face of resistance from Communist China are imaginable. [end recording]

The above is a report filed by (Lin Hui-ling), reporter of the Broadcasting Corporation of China, at the Ministry of Foreign Affairs.

Beijing Looking To Finalize Ku-Wang Agreements

OW3008142293 Taipei CNA in English 1337 GMT 30 Aug 93

[By Huang Chi-kuan, rewritten by Bear Lee; use of pinyin as received]

[Text] Beijing, Aug. 30 (CNA)— Mainland China has suggested to Taiwan a timetable for follow-up technical talks to the agreements the two sides reached in April.

The mainland's Association for Relations Across the Taiwan Strait (ARATS) in a meeting with the Straits

Exchange Foundation (SEF) Monday [30 August] in Beijing asked that ARATS officials be allowed to visit Taipei to discuss and finalize the agreements with their SEF counterparts by the end of this year.

SEF and ARATS are authorized by Beijing and Taipei to handle cross-strait exchanges, the heads of the two parties, Ku Chen-fu and Wang Daohan, met in April in Singapore for the highest-level Taipei-Beijing talks in more than 40 years.

ARATS wants talks on the exchange of visits by business leaders and the convention on cross-strait economic exchanges to be held within one month.

The timetable also includes talks on cross-strait repatriation of criminals, protecting Taiwan investors on the mainland, cracking down on smuggling and piracy, protecting intellectual property rights, and the handling of fishing disputes.

SEF Deputy Secretary-General H.Y. Hsu said following the timetable would mean major revisions would have to be made to the agreements, and so the SEF will consider it prudently before deciding on how to respond.

MAC Official on Repatriation of Illegal Mainlanders

OW0109041693 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 30 Aug 93

[From the "Hookup" program]

[Text] The Executive Yuan's Mainland Affairs Council [MAC] has approved a chart dividing the work in handling mainland boats which enter the Taiwan area illegally. According to the chart, from now on, stowaway boats which are uncovered will be handed over to the Agriculture Committee for destruction, and smuggled goods will be turned over to various (?responsible) departments for disposal. Following is a report filed by Wang Hsiang-mao:

[Begin recording] [Wang] According to the chart of division of powers and responsibilities approved by the MAC, a mainland boat which enters without approval the waters restricted or prohibited by our side will be repatriated by force. If repatriation proves ineffective, the boat will be detained. When a boat is detained more than twice, it will be confiscated. In case smuggled goods are found on a boat, they will be turned over to the relevant departments for disposal, except for cigarettes and liquor, which will be sent to the Ministry of Finance for destruction by a special task force. This is what MAC Vice Chairman Kao Kung-lien says:

[Kao] Farm products will be sent to the Agriculture Committee for disposal, whereas cigarettes, (?narcotics),

and other contrabands will be turned over to the procuratorial organs for handling. Other goods will be taken care of by the local customs offices under unified planning.

[Wang] From now on, mainland boats (?confiscated) by various relevant departments will be handed over to the Agriculture Committee for destruction under unified planning, (?instead of following the previous practice of being held under the custody of the Garrison Command), which was unable to do so because of a tight budget. [end recording]

Economics Minister, German Counterpart Meet in Bonn

OW0109091993 Taipei CNA in English 0746 GMT 1 Sep 93

[By T. R. Chang and Y. C. Tsai]

[Text] Bonn, Aug. 31 (CNA)—Republic of China [ROC] Minister of Economic Affairs P.K. Chiang met with his German counterpart Guenter Rexrodt in Bonn Tuesday [31 August].

During the meeting, Chiang asked Rexrodt to help remove Taiwan from Germany's list of highly intense areas (H List), under which high-tech and military exports from Germany are banned.

Rexrodt pledged he would convey Chiang's request to the government agencies which decided which countries are placed on the list.

The German minister also said many German companies have been interested in joining Taiwan's ongoing six-year national development plan, particularly the high-speed railway project.

Chiang pointed out that some German firms have already set foot in Taiwan's construction projects and more might follow suit. Germany's renowned high-tech expertise would help it win bids for construction projects in Taiwan, he noted.

Both ministers agreed the two countries should strengthen ties and promote bilateral visits by ranking officials.

Earlier in the day, Chiang called on German Vice Minister of Economic Cooperation Wighard Hardtl.

They discussed ways to boost technical cooperation between Taiwan and Germany.

The Sino-German Technical Institute in Taipei, which has trained more than 600 technical personnel, has contributed greatly to the development of Taiwan's industrial base, Chiang stressed.

Hardtl agreed to Chiang's proposal that the institute add additional trainees in the fields of environmental protection, industrial design, and automation.

Chiang arrived in Germany 28 August on the first stop of his two-week visit to Europe. His itinerary will also take him to Switzerland and the Netherlands.

Taipei To Offer Visa-Free Entry To Boost Tourism

*OW0109091893 Taipei CNA in English 0750 GMT
1 Sep 93*

[Text] Taipei, Sept. 1 (CNA)—The Republic of China [ROC] will soon inaugurate visa-free service to inbound tourists from 12 countries in an effort to revive the nation's sagging tourism industry, Tourism Bureau officials said Wednesday [1 September].

Following the limited issue of landing visas to foreign tourists, the Ministry of Foreign Affairs again agreed to simplify entry procedures for foreign visitors.

Tourism Bureau tallies showed a total of 904,113 tourists visited the nation during the first half of 1993, down 8.8 percent from 991,222 visitors in the same period of 1992.

During a meeting convened Tuesday to discuss the lagging tourism industry, both the government and travel industries have mapped out aggressive measures, including hotel and airfare discounts, to breathe life into the nation's tourism market.

In addition, travel industries, airlines, hotels, and entertainment establishments have also embarked on various promotion campaigns to attract more visitors.

The Taipei Association of Travel Agents suggested airlines set up special entertainment areas to make inbound travelers more comfortable.

The officials also called for development of tourist sites to improve the nation's competitiveness and ensure a future tourist flow.

President, Prime Minister Publicly Declare Assets

*OW0109091793 Taipei CNA in English 0814 GMT
1 Sep 93*

[Text] Taipei, Sept. 1 (CNA)—President Li Teng-hui and Premier Lien Chan both made public their assets Wednesday [1 September], the first day that the Control Yuan is accepting asset declarations by more than 14,000 civil servants.

Under the recently enacted Sunshine Law, public servants who take office before 31 August must make public their assets during the 1 September to 15 October declaration period.

A total of 73 presidential office personnel and 123 members of the Executive Yuan are affected by the legislation. The law also requires disclosures by city and county government staff members as well as civil representatives of all levels.

Those first in line at the Control Yuan included National Assemblymen Hsu Yang-ming, Tsai Ming-hsien, and Yien Ming-sheng, Secretary-General Li How-kau of the Executive Yuan, Vice Premier Hsu Li-teh, Premier Lien Chan, President Li Teng-hui, Vice President Li Yuan-zu, Secretary-General to the President Tsiang Yien-si and senior advisor to the President Sun Yun-suan.

The three parliamentarians at the front of the queue said they arrived at the Control Yuan before 5 A.M. although the Control Yuan did not start accepting the assets declaration until 7:30 A.M.

Secretary-General Li of the Executive Yuan who queued up for Premier Lien at around 5 A.M. said he was sorry for failing to be the first in line to declare Lien's assets as Lien promised.

Control Yuan President Chen Li-an said the Sunshine Law was a good test of the government's determination to embark on a new and corruption-free political path.

DPP To Transmit Political Programs Via Satellite

*OW0109040693 Taipei CHUNG YANG JIH PAO in
Chinese 25 Aug 93 p 7*

[Text] With the advent of the satellite television age, the Democratic Progressive Party [DPP] is planning to make use of this medium to transmit political news programs. It has been learned that Wu Nai-jen, former member of the DPP Central Committee Standing Committee, and others are busy making preparations to transmit programs via rented satellite channels. The technical testing of program transmissions has now been completed, and the DPP plans to begin formally transmitting programs to the general public this November. This will be Taiwan's first satellite television channel with political programming as its main feature.

After Wu Nai-jen and his friends raised several million new Taiwan dollars, several months ago they approached TRW, a U.S. satellite maker, to try and lease a transponder from the "T-DRSS" satellite system, which is situated above the Pacific Ocean. At nearly \$1 million rent per year, they obtained the rights to four television channels. The U.S. maker conducted four tests on those channels to solve technical transmission problems in May, and on 4 August, 6 August, and 20 August. Wu Nai-jen and others will ink a draft agreement with the U.S. maker on the afternoon of 24 August.

The satellite, which is called the Tracking and Data Relay Satellite, is said to have been designed originally for military purposes. The reception scope of the satellite's transponder is said to be rather extensive. It can reach Denver, Colorado, Mainland China's Chengtu [Chengdu], north of Peking, and Singapore.

Because this is the first time that the DPP has gained access to satellite television channels, people are closely watching the possible impact on Taiwan. Wu Nai-jen, however, particularly stressed that the satellite business is nothing but a part of his career and that he did not want to play up his personal role.

Hong Kong

Half of Major Military Sites To Be Left for PLA

HK0109033693 Hong Kong SOUTH CHINA
MORNING POST in English 1 Sep 93 p 3

[Report by Rachel Clarke]

[Text] The British Garrison is to leave just half its major sites to the People's Liberation Army (PLA), sources said yesterday.

Only five out of the 11 main installations now used by British Forces Hong Kong will still be operational in 1997, though a sixth may be mothballed to allow the PLA to renew its military role.

The Chinese, who will be discussing the future of Hong Kong's defence estate with the British in a sub-group meeting of the Joint Liaison Group (JLG) today, have demanded that all military sites now occupied by the British forces be handed over intact.

But the British plan is to keep only the Prince of Wales Barracks as the Forces headquarters; the Royal Navy base on Stonecutters Island, the Royal Air Force base at Sek Kong, Osborn Barracks; and either Gallipoli Lines or Cassino Lines for the merged Gurkha battalion.

Stanley Fort is to be closed when the Black Watch regiment leaves next year and it is understood that long discussions about the site have taken place in the JLG's defence and public order sub-group.

The group, also scheduled to meet on Friday, is trying to reach agreement on the defence estate ahead of a full JLG meeting, predicted to be held in Beijing later this month. The subject has been under discussion for more than seven years.

One security source said: "The whole lengthy, drawnout affair is a result of the Chinese authorities saying they want everything in 1997 that the British military had in 1984.

"They have been forced to give ground on certain things, but Stanley is one of the ones they really want.

"It may be put to some use between 1994 and 1997, but it will be available to them in 1997."

Stanley is to be handed over to the Hong Kong Government when the Black Watch leaves next August and it could be used for police training.

If handed over to the PLA, it could be used as a base for the Chinese troops on Hong Kong Island, but away from the sensitive Central district where the Prince of Wales Barracks is located.

Yesterday, the director of the Joint Services Public Relations Staff, Roger Goodwin, confirmed the Garrison would be cutting the number of major sites.

Many of the 24 minor sites, such as the married quarters and St George's School in Kowloon Tong, would also be closed.

"The Prince of Wales Barracks will remain as the headquarters of British Forces until 1997," Mr Goodwin said.

"The British Military Hospital will reduce substantially.

"Stonecutters will remain the naval base, the ammunition depot and the headquarters of the Hong Kong Military Service Corps.

"Perowne will close following the reduction in the Queen's Gurkha Engineers and one or other of Cassino and Gallipoli Lines will be given up after the amalgamation of the Gurkha battalions.

He also confirmed that Sek Kong would remain a land forces barracks and the RAF base until 1997. But the future of Stanley Fort after 1997 was a matter for the JLG.

Sino-UK Talks on Hong Kong Transition Reported

Liaison, Preparatory Groups Meet

HK0109122693 Hong Kong AFP in English 1040 GMT
1 Sep 93

[Text] Hong Kong, Sept 1 (AFP)—Chinese and British negotiators began here Wednesday two days of talks aimed at ironing out the future of Hong Kong's defence estate which has long been a subject of debate between the two sides. The meeting of experts from the Sino-British Joint Liaison Group (JLG)—set up to oversee the smooth transition of Hong Kong's return to China in 1997—ended the first day of talks with both Chinese and British negotiators saying they had "useful" and "productive" discussions without given details.

The JLG sub-group was expected to focus on the thorny issue of the transfer of military sites in Hong Kong from the British forces to the Chinese People's Liberation Army (PLA). PLA troops are to be stationed in the territory in 1997 when Hong Kong becomes a special administrative region under Chinese control. The group will reconvene Friday in an attempt to reach a defence agreement ahead of a full JLG meeting expected to meet in Beijing later this month. Sources quoted by the SOUTH CHINA MORNING POST here Wednesday said the British garrison was to leave to the PLA five out of 11 military installations. China have demanded that all military sites now occupied by the British forces be handed over intact. The issue of PLA troops stationed here in 1997 has raised concerns among the Hong Kong people, especially after the military crackdown against pro-democracy protesters in China in 1989.

Meanwhile, the preparatory committee charged with setting up Hong Kong's first administrative region government began its first official meeting in Beijing. The committee was set up in May at the height of the

Sino-British row over London's plans to broaden the democratic base in the territory before 1997, a move Beijing opposed. The committee—hand-picked by Beijing and comprising some 40 members from Hong Kong's political, academic and business sectors—has been widely seen as a shadow government. Beijing has denied the charges, saying the committee was only a suggestion gathering centre. Zhou Nan, head of China's de facto government representative, the XINHUA NEWS AGENCY here, told reporters in Beijing the committee planned to set up an office in Hong Kong in order to facilitate the work.

Official: Progress 'Not Satisfactory'

*HK0109070093 Hong Kong WEN WEI PO in Chinese
1 Sep 93 p 16*

[Dispatch from Beijing by staff reporter Su Hung-ju (5685 7703 0320): "Chen Ziyang Says Achievements Were Made During Nine Rounds of Talks, But Progress Is Not Satisfactory"]

[Text] Beijing, 31 Aug (WEN WEI PO)—Chen Ziyang, deputy director of the Hong Kong and Macao Affairs Office of the State Council, said that some achievements were made in the past nine rounds of talks between China and Britain, but the progress is still not satisfactory. There is still a problem of whether the promises made in the past still stand between both sides. Besides, Chen Ziyang said it is inappropriate to make great changes in Hong Kong's civil servant system now. Before any changes are made, the Hong Kong Government should consult the Chinese side. He made these remarks today when meeting with a delegation of the Hong Kong Youth Chamber of Commerce.

After the meeting with Chen Ziyang in the Hong Kong and Macao Affairs Office, Lung Tsu-ming, chairman of the Hong Kong Youth Chamber of Commerce, said Chen told them that some progress and achievements were made in the past nine rounds of Sino-British talks, but the progress was still "not satisfactory." Chen Ziyang held that the Chinese side was eager to resolve problems as soon as possible, but to date, the talks had not yet reached the stage of resolving problems.

Quoting Chen Ziyang's remarks, Lung Tsu-ming said: Sino-British talks are not to discuss the question of whether democracy is needed, but the question of whether both sides should return to the basis of the "three conformities" and whether the promises made in the past still stand. Therefore, the question lies in whether the British side will keep its promise.

Referring to the change of Hong Kong's foreign civil servants to local terms, Lung Tsu-ming said: Chen Ziyang held that Hong Kong's civil servant system has been operating very well. Therefore, there should not be great changes in it. If any changes should be made in this system, the British Hong Kong Government should consult with the Chinese side beforehand. Chen Ziyang said it was better not to make any changes in it.

Moreover, Lung Tsu-ming told reporters that during their meeting, Chen Ziyang said China had taken some measures in the economic field recently, but this was not meant to compress the economy. Rather, it means to make preparations for using resources better and in a concentrated way, and Hong Kong will benefit from it.

Article: PRC Attitude Always 'Positive'

*HK0109061193 Hong Kong WEN WEI PO in Chinese
1 Sep 93 p 16*

[Article: "Zheng Guoxiong Stresses That As Long As China and Britain Conduct Their Talks According to the 'Three Conformities,' It Will Not Be Difficult To Reach Agreement"]

[Text] While attending an open occasion at noon yesterday, Zheng Guoxiong, deputy director of the Hong Kong Branch of the XINHUA, stated: Whether or not Sino-British talks can make advances depends on both sides' concerted efforts. There is no so-called problem that China did not make any response to some proposals which would hinder the talks. So long as the two parties conduct their talks on the basis of the "three conformities," it will not be difficult to reach an agreement.

At a luncheon given by the national day celebration preparatory committee of the association of people of all walks of life in the western district of Kowloon at noon yesterday, when asked of the Chinese side's response to the British side's allegation that the Chinese side's failure to put forth a counterproposal to the objective criteria for the through train and other issues caused the talks on the political structure to have made no substantial advances, Zheng Guoxiong said: "We have not received such information from any official channels. Nine rounds of talks on the 1994-95 electoral arrangements have been held. As far as the Chinese side is concerned, from the very start of the talks, it has adopted a positive attitude toward every round of talks. It must be said that the talks are progressing normally. However, for the talks to yield results, both sides must work hard together. As I see it, there is no so-called problem that China did not make any response to some proposals and this would hinder the talks, because overall, the talks are a common issue of the Chinese and British sides."

Cheng Guoxiong went on to say: Looking back at the whole process of the previous nine rounds of talks, the Chinese side has adopted a positive attitude and shown sincerity toward the talks. We are expecting that the British side will show the same sincerity. In this way, so long as the two parties conduct their talks on the basis of the "three conformities," I believe it will not be difficult to reach an agreement. Regarding the word that it was the Chinese side's responsibility for the talks to have made no advance, Cheng Guoxiong stressed: "One should not say this. The talks call for concerted efforts from both sides." He also stated: The Chinese side has always opposed setting a deadline for the talks. Setting a

deadline means, in reality, bringing pressure to bear on the talks and will be of no use to the talks.

Governor Returns 31 Aug; Civil Servants Protest

*HK3108135093 Hong Kong AFP in English 1200 GMT
31 Aug 93*

[Text] Hong Kong, Aug 31 (AFP)—Governor Chris Patten returned from a month's holiday in Italy on Tuesday [31 August] and immediately ran afoul of protesting Hong Kong civil servants.

Looking fit, Patten begged off reporters' questions as he got off a flight from London, saying he wanted to brush up on issues in the British colony—which reverts to China in 1997—ahead of a press conference later this week. "I'm looking forward to getting back to work. That's serious," he said.

Leaving the airport, however, Patten angered several dozen banner-waving civil servants who wanted to present a petition against government plans to offer local

employment terms to expatriate colleagues. "It's a cool reception. I was very disappointed to see the governor (in his limousine) move straight away, without stopping or giving a wave of his hand," John Lok of the Non-Expatriate Civil Servants Association told local radio.

During his absence, Patten's administration proposed giving expatriate civil servants, mostly Britons in senior positions, the chance to stay in Hong Kong after their contracts expire if they accept less lucrative local terms. Local Chinese civil servants interpreted that as a retreat from the government's long-standing policy of opening the more senior positions to them ahead of 1997.

Other issues which have piled up on Patten's desk include slow-going Sino-British talks on his proposals to extend democracy in Hong Kong ahead of 1997. Round nine of the secretive negotiations took place in mid-August. Patten, who took office a year ago last July, is to make his annual policy address on October 6 when the Legislative Council resumes sitting.

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